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LATIN AMERICA REPORT

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URUGUAY, BRAZIL TO DEVELOP CLOSER ENERGY TIES

Montevideo EL DIA in Spanish 10 Mar 81 p 5

[Text] Uruguay and Brazil will develop cooperative programs in various areas of the field of alternative and nonconventional energy sources.

This was agreed upon in Lima during the OLADE [Latin American Energy Organization] Conference by Ministers Francisco D. Tourreilles and Cesar Cals, who made a "declaration of intent" which will function as a supplement to the agreements signed in Rivera on 25 November last year.

The scope of the document is reminiscent of the "Bogota Agreement," signed at the 11th Meeting of OLADE Ministers at the end of 1980.

It includes eight specific programs, as follows: 1) research on the use of vegetable oils in Diesel motors, or in mixtures with suitable fuels, with the possibility of Uruguay furnishing linseed, sunflower and rape oils; 2) study of the production of charcoal from wood, analyzing the possibilities of different varieties in the country, and taking into account forestation in progress; 3) research on the use of ethyl alcohol in motors, with sorghum and beet residues the materials which are most appropriate in Uruguay; 4) microbiological studies aimed at increased improvement of the production of alcohols, with research going on in Brazil and Uruguay whose results should be shared; 5) research into the production of methanol and ethanol from wood and since there is little accessible technology in either country, it would be in their interest to focus on the problem jointly; 6) the direct utilization of solar energy, mainly by means of flat collectors; 7) the study of wind power, with the possible introduction of an interconnecting national system; 8) the production of biogas from plants and refuse. Both countries are carrying out projects, so it would be very useful to exchange information.

These programs will be implemented by means of agreements supplementary to the Basic Scientific and Technical Cooperation Agreement which was arrived at in Rivera on 12 June 1975.

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CSO: 3010/952

BRIEFS

NEW TURBINES IN SALTO GRANDE--Salto, 8 Mar--The official inauguration of two new hydroelectric generators at the Salto Grande Dam will take place on the 26th of this month, it has been announced in this city. The units which will come into service will be numbers one and two, located in the machinery room on the Argentine bank. Both generators have functioned very well during preliminary testing, according to the Joint Technical Commission which administers the dam constructed on the Uruguay River. The dedication ceremony for the two turbines will be presided over by the Argentine ambassador to Uruguay, Guillermo de la Plaza, and his Uruguayan counterpart in Buenos Aires, Carlos Alberto Rocca. The mayors of Concordia and Salto, Col Rafael Tiscornia and Col Guillermo De Nava, respectively, will also be present. [Text] [Montevideo EL DIA in Spanish 9 Mar 81 p 9] 8131

CSO: 3010/952

CONSUMPTION OF OIL-RELATED PRODUCTS DROPS IN 1980

Montevideo EL DIA in Spanish 27 Feb 81 p 7

[Text] Total consumption of oil-related products decreased by 10 percent during 1980, according to the energy report published by that ministry.

This is mainly due to the decline registered in the need for generation of electricity. With the exception of liquified gas, which increased 3.5 percent, other derivatives essentially maintained their 1979 levels. Gasolines declined 1.8 percent, kerosene 12.2 percent, and diesel oil 6.7 percent. Asphalts and minor products underwent a substantial decline of almost 30 percent.

Wholesale industrial product use underwent slight variations compared with the previous year, with gas oil remaining unchanged, and fuel oil being reduced only 2.2 percent. From these records it appears that the rationalization campaign was supported by consumers, in spite of the fact that in the case of gas oil, 15 percent higher consumption was noted during the second half-year in question.

Electric Power

According to the report, 1980 was entirely normal as regards the use of energy sources, without need for any type of restriction, and with considerable hydroelectric power capacity, both in the Rio Negro and the Salto Grande. For that reason, the generation of hydroelectric power supplied 73.1 percent of the requirements of the interconnected system, with the Rio Negro plant contributing 50.3 percent and the Salto Grande 22.7 percent. The remaining 26.9 percent was covered by the Montevideo Thermal Plant. [Figures total 99.9, as published]

As a result, the use of fuel oil for electricity decreased by almost 40 percent, thus effectively contributing to the oil-conservation campaign.

In its turn, the growth of generation in the interconnected system reached 13.2 percent, a figure which does not constitute a reasonable means of comparison, because in the previous year restrictions in electricity consumption had been in effect for almost 6 months, according to the report quoted.

The increase was exactly 10 percent over 1978, which means that the annual accumulative increase was less than 5 percent.

Interconnection With Brazil

The border interconnections which supply Artigas and Rivera registered a significant increase of 35.4 percent, although the Brazilian contribution to the total energy produced in the country amounted to only 1 percent.

Piped Gas

Consumption increased 3 percent over 1979, with a marked increase in the efficiency of the new gasworks. Daily and hourly consumption maximums rose slightly in comparison with the previous year.

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GSC: 3010/952

MEXICO, NICARAGUA STUDY INCREASED TRADE PROSPECTS

Trade Delegation Visit

Managua EL NUEVO DIARIO in Spanish 27 Mar 81 pp 1, 9

[Text] Comrade Eligio de Mateo, head of the Mexican trade delegation which has spent several days in Nicaragua, yesterday told reporters in a press conference that the contacts which have been made with the public and private sectors of Nicaragua would certainly lead to a commercial treaty in which our nation will be considered a "favored nation without reciprocity," which would open up vast prospects for trade between the two nations.

According to reports by the ambassador from Mexico to our nation, Comrade Julio Zamora, and the commercial attache of that embassy, Gerardo Camacho, Mr de Mateo came as a representative of the Mexican Foreign Trade Institute, and the rest of the delegation consists of representatives from 10 major business and production consortia in Mexico.

Mr de Mateo said that the circumstance that Mexico is considering our country as a favored nation without reciprocity means much more than what is traditionally covered by "favored nation" status in terms of trade.

This means, he said, that goods manufactured in Nicaragua will be imported into Mexico without paying tariffs at all, or after paying only 50 percent of such tariffs.

EL NUEVO DIARIO does want to pay particular attention to this agreement with the Mexican producers, since it reveals and confirms the fact that Nicaragua is not alone, and that on the contrary, our revolutionary process enjoys the confidence and support of some of the leading nations of Latin America, such as Mexico.

The importance of these new trade relations with Mexico can be understood when we realize that the trade mission that visited us, and which returned home yesterday, was composed of representatives of different Mexican producers and distributors, who handle the export and import of many and very varied items in Mexico.

Their objective, consequently, is not only to sell products to Nicaragua, but also, and fundamentally, to purchase on a large scale goods produced in Nicaragua, as well as to offer technical assistance, as Ambassador Julio Zamora said.

Apart from this, the diplomat indicated that at the request of our government, the possibility of joint investments by Mexican business in the public and private sectors of Nicaragua will also be considered and studied.

Automotive Industry

On this topic he said that they spoke specifically of the very viable possibility of establishing in Nicaragua a complete automobile assembly plant, which would help to stimulate and develop this type of technology here.

Mr de Mateo said that he had come to Nicaragua with the definite intention of supporting the policy of frank and open cooperation that the government of Mexico has maintained on different levels with Nicaragua, and that in essence this was symbolic of the relations in terms of trade between the Mexican people and the Nicaraguan people.

He said that the mission had two aspects; its members did not come as merchants, but rather as producers who want to place their goods, and at the same time, they want to see which Nicaraguan products they can purchase, including both the lines of traditional and non-traditional goods.

"We believe," he added, "that in this context the best trade is trade that is balanced on both sides, and as a specific step toward this, we can now announce that we will be opening a permanent office in our embassy in Managua to handle this trade, to deal with Nicaraguan exports to Mexico, and at the same time, we will also open in Mexico an exposition of Nicaraguan products."

Stating once again that they are ready to study in depth specific possibilities for Nicaraguan businesses to export their goods to Mexico, Mr de Mateo said that the establishment of commercial credit lines with Nicaragua will also be studied, and all this will be concluded by a trade treaty in which Nicaragua will be considered a favored nation without reciprocity.

He added that during their stay in Nicaragua they held a total of 18 meetings with both private and public officials, and that the results of these meetings could be termed highly positive.

"All of us who are members of the mission," he added, "are going home with the conviction that we are going to begin a productive period of trade that may begin within the next 90 days." He indicated that among the goods which Mexico might sell to Nicaragua are: essential oils, printing machinery, environmental equipment, water treatment equipment, light hardware, etc., including transport between the two countries.

On the subject of goods that Nicaragua could sell to Mexico, he said that these included sugar and other agricultural commodities, but that a broad range of items had been considered.

In summary, this trade with Mexico will mean a considerable savings of currency for Nicaragua, since we could buy from Mexico items at prices up to 200 percent less than the prices that other markets have traditionally offered us.

A Clarification

In closing, Comrade Julio Zamora, ambassador from Mexico, wanted to clarify an erroneous report that the buses that Mexico sold to us were paralyzed because their spare parts, ordered from the United States, had not been delivered.

He said that he wanted to make it clear that these parts are manufactured in Mexico, and what had happened was a lack of communication with the Mexican supplier.

Nontraditional Exports

Managua EL NUEVO DIARIO in Spanish 30 Mar 81 p 4

[Text] The engineer Eligio de Mateo, head of a joint Mexican trade mission which has been in Nicaragua since last Monday, said yesterday that "there are signs of good results" in the contacts that have been made with Nicaraguan businessmen in both the public and private sectors. These could lead to an increase in trade between the two nations.

Mr de Mateo, who represents the Mexican Foreign Trade Institute, was accompanied by representatives of a number of Mexican government and private export firms. He said that his country is very interested in buying Nicaraguan sugar, while Mexico is offering a line of credit of \$24 million to purchase Mexican products, services, and technology.

The Mexican trade mission consists of representatives of a number of firms, including one which offers specialized environmental services (water treatment, well drilling, water pollution, etc.), a toy manufacturer, and automotive equipment, such as the DINA (National Diesel) firm, which has already sold a good number of buses to Nicaragua.

Mr de Mateo said that his trade mission is not interested just in selling, but also in "facilitating trade between both countries."

He said that even though the balance of trade between the two countries is ridiculous (he mentioned no figures), trade could be increased, depending on Nicaragua's needs and potential for importing and exporting.

He described the two days of contacts with Nicaraguan businessmen in both the public and private sectors as "showing signs of good results"; but he said that nothing specific had been decided; the specifics will be worked out after the conclusion of these meetings in Nicaragua, which end this morning.

De Mateo further said that Mexico might import Nicaraguan sugar (Ecuador is also interested in it), and that Mexico might even be interested in buying broomsticks, since his country is an open market consisting of 14 million households.

Last year Mexico's market was \$18.500 billion, and this year it will increase to \$24 billion, he said.

He added that Nicaragua has shown an interest in exporting non-traditional products to his country (products that are not coffee, cotton, gold, shellfish, etc.), and that his country has offered to provide personnel training in certain areas, and has made available to Nicaragua its entire pool of information on trade for export matters.

He reported that his country recently invited Nicaragua to the meeting of state foreign trade centers to be held in Mexico in May.

On the supposed lack of spare parts for the DINA buses that Mexico sold to Nicaragua, Mr de Mateo said that the buses have been "canibalized" since the Nicaraguan technicians had taken parts from some of the buses to use them in others; he also believed that the maintenance had been poor.

He said that Mexico, when selling the buses, also offered spare parts and training for technicians in maintenance.

The Mexican trade mission is scheduled to hold a press conference this morning at 0900 before returning home.

In general, Mr de Mateo said that the Nicaraguan representatives of both public and private firms had cooperated fully with his mission, providing a wealth of information which will have to be processed in Mexico over the next few weeks in order to determine some specific steps.

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CSO: 3010/1177

FINANCE MINISTER PREDICTS ECONOMIC PROBLEMS IN CARIBBEAN

13072147 Bridgetown CANA in English 2141 GMT 7 May 81

[Text] St John, Antigua, 7 May (CANA)--Antigua's Finance Minister John St Luce today painted a grim picture of Caribbean economies and life in general for Caribbean people in the not too distant future, if immediate efforts were not made to control the rate of inflation in the region. Mr St Luce told a meeting of Caribbean Community Caricom finance officials to recognize that "inflation is a ruthless destroyer. Its management and control will require total cooperation and coordination in the regions policy-making."

The minister felt that "if we do not effectively control inflation now rampaging through the region, not only will the tourists not come, but we will find that our efforts to penetrate foreign markets with regional products will meet with limited success because of our inability to compete price-wise." In addition, Mr St Luce said, "we will be faced with inordinate wage demands at home as workers seek to maintain standards of living presently prevailing or promised, and negative growth will become the norm."

Over the 2 days, the finance technicians will consider a background paper prepared on regional and national approaches to the management of inflation and will exchange ideas and consult on strategies existing and under consideration for managing inflation. They will also discuss the role of the Caribbean Group for Cooperation in Economic Development (CGCED) in the development of the region, regional and international finance institutions, cooperation in regional insurance matters and a proposal by the Canadian Government to assist Caricom states with their balance of payments.

On the question of the CGCED, Mr St Luce said that its Caribbean partners "need to collectively assess the manner in which it has been functioning, to determine whether there should be modifications to the existing arrangements." He also believed that if such an assessment could be done during this meeting, "it would enhance the chances to encourage counterparts within the grouping to be more responsive to the needs of the Caribbean."

The CGCED is made up of Caribbean countries, donor states and agencies which traditionally give aid to the region. The fourth annual meeting of the CGCED is scheduled for next month in Washington.

In his address, Mr St Luce also touched on the importance of the International Monetary Fund (IMF) and the World Bank in the Caribbean. He told the delegates that they "must now allow the significant changes which are taking place within those institutions--which could reflect a partial willingness on the part of the powerful in the world to address our constant collective calls for sharing of economic and financial power--to occur without attempting to influence those changes in a meaningful way."

The participants should "seriously and carefully examine the issues relating to the policies of the fund and bank within the context of the (Caricom) treaty of Chaguarmas, and thereby ensure that when the time comes for the finance ministers to meet later this year at a policy-making level, they would be unanimous in their decision about what we in the Caribbean wish to see set in motion."

Turning to the subject of the MDC-LDC capital transfers, Mr St Luce described it as "a source of grievance among us, particularly in the LDCs seeking investment within Caricom." However, he had hopes that through communications, the problem could be resolved harmoniously. He concluded by urging participants to live up to the expectations of the Caricom secretariat by conducting their meeting in a free, frank and informal manner, bearing the issues before them in mind, since their exercise "will be of substantial guidance to the technicians in the secretariat."

The delegates attending come from finance ministries within the Caricom region, the East Caribbean Currency Authority (ECCA), the Economic Commission for Latin America (ECLA) and the Belize Monetary Authority.

CSO: 3025/1010

PAPER SAYS VIOLA EXEMPLIFIES NEW ERA

Buenos Aires CONVICCION in Spanish 30 Mar 81 p 24

[Text] The man who will be the president of the citizens of Argentina beginning today is a native of Buenos Aires, born under the sign of Libra on 13 October 1924. Married to Dona Nelida Giorgio, and the father of two, his life was marked by a military career between 1942 and 1980, which he has always been able to combine with a cheerful and not overly solemn style of life.

Graduating as a sublieutenant in the infantry on 21 December 1944, at the age of 20, he was immediately assigned to service in the old 27th Regiment (currently the 5th Infantry Regiment), to which he returned around 1951.

As a first lieutenant, Viola attended the War College between 1952 and 1954, after which he was assigned to the command of the Third Army (today the First Army Corps) as a general staff officer.

His rise to the rank of major came while he was serving as group commander at the Professional Corps School (end of 1956).

Direct troop command, with the physical activity it entails, after tempering him in a direct understanding of military action, ended when he was assigned to serve in functions alternately with the War Ministry and the army general staff between 1957 and 1965. During this time he was promoted to the rank of lieutenant colonel and then colonel, taking the Officer Information Course in 1959.

In 1965 he took the Higher Strategy Course and in 1967 he was appointed adviser to the Argentine military delegation to the Inter-American Defense Council, a post he held until 1969. At the end of that year he was appointed assistant director of the National Military College, and in November of 1971 he was assigned command of the Third Infantry Brigade, being promoted at almost the same time to brigadier general.

In 1973 he was assigned to the staff of the Second Army Corps, based in Rosario, as second in command and head of the general staff of this large combat unit, at a time when international terrorism was completing its long preparation for action in Argentina. Viola follows events closely. His natural inclination toward the analysis of situations and his training in incorporating the political in a broader and more complex context is added to his purely military experience, which conditions enable him to pursue his activities skillfully in the post mentioned, in a zone especially sensitive in those critical times.

Later, in 1975, he was appointed commander of the Second Army, and on 29 August of that year he was appointed chief of the army general staff. In December 1975, he was made a major general.

These were times of agitation, and Viola was smoking up to 80 cigarettes a day then, according to those close to him.

On 24 March 1976, he was still in the post just mentioned, which he held until 14 August 1978, when he was appointed commander in chief of the army, replacing Lt Gen Jorge Rafael Videla, who was retiring from active duty in the armed forces. On that same day he was sworn in at the Congress Palace as a member of the government military junta.

After 1 year, 4 months and 28 days in the highest army post, he retired, being replaced by the current holder of the post, Lt Gen Leopoldo Fortunato Galtieri.

On 3 October 1980 the military junta selected Lt Gen (ret) Roberto Viola to serve as president of the nation.

The Thinking of the President

Viola is a restless man, but at the same time moderate and known for his balance. His virtues have been described, when it comes to the handling of situations like those he will have to deal with beginning today, as those of a man "interested in knowing the opinions, aspirations and points of view of others, and lacking any affectation."

"His simplicity has always won him the sympathy of others, and his passion for politics, soccer and simple diversions, including a visible preference for the country, are well known. He devotes much of his time to family life with his wife, his children and his grandchildren," one commentator says.

At the age of 56 he is without a doubt a fully and transparently mature man.

When in 1978 he had to improvise a few words when he assumed the highest army command, he said that "my only requirements will be those imposed by the laws and regulations, and my only commitments those imposed upon me by the army." A few moments earlier he had also said: "I am taking over command of the institution which, in accordance with its assignment, began the process of national reorganization on 24 March 1976, jointly with the other armed forces."

On that day he also said that his branch, "setting aside any kind of demagogic populism, as well as exclusive elitism," had embarked on the task of insuring "the definitive establishment of a stable and modern and authentically representative democracy, with a clear republican and traditional sense, with an adequate federalist content and sustained by the broad, national trends of opinion which give our country definitive support."

The Argentine Model

Viola, who has long been a fan of River, has apart from this specific prejudice ideas which cover the whole of the reality of this nation. "We conceived our Argentine model...

as a vital, dynamic society full of social mobility, justice and freedom, in which the family continues to be, despite universal trends, the fundamental basis, one in which a strong social content humanistic and not ideological in origin has become institutionalized through simple and effective laws, in which the just distribution of the wealth is the result of the political and social maturity of the Argentine citizens and not a sterile class struggle" (speaking to the new authorities of the CARBAP [Confederation of Buenos Aires and the Pampa Rural Associations] on 29 July 1978).

He believes that the role of Argentina in terms of continental projection must be "that which it has historically played: one of protagonism but not hegemony." He also said in an interview granted to a morning daily that "Latin America, which because of the development of the world situation must begin to act on a continental level, will not, however, tolerate hegemonistic sponsorship or tutelage because of its race, its history or its culture. Our Latin American countries are jealous of our freedom, our independence and our sovereignty. I think we are capable of integration in solidarity in our mutual interest, but with respect for our identities."

Domestically, Viola cannot conceive of democracy without the participation of political parties, "since they represent the thinking and the position of the individual with regard to the integral reality of the country, its complex of problems and the various solutions which can be provided" (Santa Fe Stock Exchange, 12 June 1978).

In a recent interview granted to the editor of the periodical SELECCIONES, he said on the same subject that the expectation of a more open political approach "does not in any way mean elections." Later on he also said that "what will begin now is the fact that we can urge a stage of participation, in other words of transition from a constitutional military government to a total state of law."

With regard to Justicialism, he said on the same occasion that "I have no doubt that in the process of democratic reestablishment, Peronism may be organized and participate actively in national political life--and this depends solely on the will and the conduct of its people." He had said on this same subject in Mar del Plata on 22 January 1980 that "when they were in government, they showed, beginning with the death of Peron, an inclination toward dissolution, lack of unity, because in their case, power divides."

The Present Situation

Concerning the boundary conflicts, he recently told a Catholic seminary that "any solution must be definitive and must safeguard the honor and the dignity of both nations. Neither must feel defeated, although both may feel that they have been harmed by the final result." As to the ocean, the source of resources and wealth for the future, he stressed that "the treaties which establish the two-ocean principal must be implemented. The national awareness is that our country extends along the Atlantic from the Plate River to Cape Horn and in no way can Argentina discard this basic working thesis."

In discussing the subject of human rights, he told SELECCIONES that "currently those being held without trial total fewer than a thousand. In other words, a substantial reduction has occurred. Today only those considered dangerous to national security are being detained, but they may be gradually released to the extent that--within the

general context of the Argentine situation--their presence in society is not dangerous." Expanding his views on Marxism, Viola maintained on that occasion that "revolutionary Marxism launched terrorism characterized by absolute lack of ethical limitations in Argentina. It was a war. In a war it is improper to say that rights are violated; this is the terminology of peace." But he also added that "time is the element which will cure and will very slowly and with difficulty heal the wounds and erase their consequences."

Nor has Viola avoided the subject of economics. Given the criticisms which have converged from all sectors recently on this aspect of the leadership of the country, Viola said that he was "aware of these criticisms," and he added that "the struggle against inflation has led in some circumstances to placing various sectors of the productive apparatus in a difficult situation. However, we will seek to overcome this priority problem." He noted that the necessary corrections will be made in order to carry out the provisions established for the process of national reorganization: "Private ownership, with the state subsidiary, rationalization of the state apparatus, creation of the infrastructure necessary in the interior of the country to strengthen federalism, development of the productive sectors, etc."

And when asked about his concept of trade union structure for the workers, he said that "structure is not the most important thing in the overall problem of the trade unions. The imposition of a single workers' federation by the state is contrary to democratic principles. Therefore, I believe that a system which guarantees the workers the freedom to unionize or not is the only one consistent with my concept of democracy. But it is basic to stress once again that trade union activity and party political activity must be clearly differentiated."

The Attributes of Command

The presidential baton which Lt Gen (ret) Roberto Viola will receive today when he assumes the leadership of the national executive branch is 94 cm long, with a solid 18 carat gold hilt 8 cm long.

The baton is made of varnished malacca cane, and the Argentine shield is inlaid on the hilt.

The ferrule as well is solid gold and ends in a steel point, with three gilded tassels of cord.

As to the presidential sash, it is made of heavy silk, in blue and white in three horizontal bands.

On the middle band, the sun imprinted on the first Argentine currency is embroidered in gold to represent the eight escudo gold coin and the eight real silver coin.

The sash ends with a gold fringe 12 cm long, bears no other emblem, and was made by the military tailor shop in accordance with the provisions of decree no 10,302 dated 24 April 1944.

IGLESIAS ROUCO COMMENTS ON BROAD RANGE OF TOPICS

Buenos Aires LA PRENSA in Spanish 2 Apr 81 pp 1, 6

[Article by J. Iglesias Rouco: "Collaboration and Confusion"]

[Text] General Viola's government would be prepared to send antisubversive warfare specialists to El Salvador and to support U.S. intervention in that country "politically and diplomatically," within the context of a broad plan for strategic and military integration with Washington which could in the future also include the sending of a limited contingent of troops to the Middle East. However, on this last point, there are said to be sharp differences in the San Martin Palace, as the "leak" revealed by the "Foreign Ministry" yesterday would seem to suggest.

According to our sources, the proposed dispatch of antiguerrilla experts to El Salvador was discussed during the talks held recently in Washington between President Viola and Secretary of State Haig, and on the occasion of the visit paid to Buenos Aires by General Walters.

Although we are assured that no final decision has been adopted here yet, which in "any case" would have to be "implemented" on the "highest level," in view of the feelings of the U.S. congress about the request for the elimination of the Humphrey-Kennedy amendment formally formulated by Mr Reagan's government to the U.S. legislature a few hours after Viola's visit to Washington.

According to some diplomatic circles, there are serious doubts in the State Department in any case about the effective level of the commitment Buenos Aires would make with regard to El Salvador, the Middle East, and strategic integration in the hemisphere--in this connection the creation of a kind of South Atlantic NATO is not excluded--even if the general plan is approved on the "highest level" in Buenos Aires, which has not as yet occurred.

U.S. Doubts

In this connection, U.S. "doubts" are said to be focused chiefly on the political personality of the new foreign minister, Mr Camilion, to whom certain factions in the State Department attribute the concept that Argentina and the Southern Cone should intensify relations with the East and avoid involvement in the confrontations between the United States and the Soviet bloc, as Brazil seemingly believes. Therefore, perhaps, the appointment of Camilion was not too warmly welcomed in Washington, and a few days ago some Republican diplomats there even went so far as to exhume

the activities of Camilion and Mr Ortiz de Rosas in connection with the Castro regime, during the negotiations between Buenos Aires and Washington prior to the Punta del Este conference, which they say led to the deception of the State Department.

However, other circles--both in the United States and here--believe that Mr Camilion's position today is much more "pro-Western" than it was then, and that he may have played an active role in the preparations for Viola's talks in the United States, in particular where possible Argentine "collaboration" in El Salvador is concerned.

According to our sources, this "collaboration" was conceived by Camilion and a number of military commanders as a "counterpart" in the event of the elimination of the Humphrey-Kennedy amendment, whereby the Carter government suspended shipments of military equipment to the Argentine regime. If indeed the practical value of this measure was--and is--limited or nonexistent, the same is not the case in the moral and diplomatic realm, which would explain the promises General Viola is reported to have made about Argentine support in El Salvador and strategic integration "if the embargo is lifted," and the immediate "response" on this subject by the State Department.

Possibilities and Unknown Factors

Many circles believe that the likelihood that the congress will eliminate the amendment now is considerable, which would presume a political statement by the United States to the effect that the reasons which gave rise to it have now disappeared, i.e., the situation characterized by "systematic violation of human rights" in Argentina, and that in addition, it can count on a firm commitment from Viola to exercise maximum control to prevent this situation from recurring. From what we have learned, Viola may have provided the "highest guarantees" on the matter in Washington, and General Liendo may have already given very precise instructions to insure this control.

However, there remain certain unknown factors about the attitude of the congress, since a number of Republican senators and representatives in the foreign relations committees of both chambers have suggested that it is still necessary to "wait and see." The same is the case as a result in various local areas of power about the prospects of "collaboration"--direct or indirect--with the United States in El Salvador or the Sinai. Therefore, those who view the matter most cautiously here stress that in any case, this could only be made concrete within the context of the OAS and the United Nations, and in accordance with the "traditional Argentine policy" with regard to "peace bodies."

Orfila and the UN

According to our sources, Mr Camilion also continued to support the thesis that with or without "collaboration," Argentina cannot separate itself for the time being from the group of nonaligned nations. Therefore, the so-called "multilateral framework" would be a "sine qua non" for any agreement of this nature with Washington. Apparently Mr Haig, who firmly supports Mr Camilion against the critics of the new Argentine foreign minister in the State Department, shares this point of view.

Moreover, according to the sources consulted, Mr Camilion would want to prevent any "hasty maneuver" on the part of Buenos Aires which might cause difficulties in the series of negotiations currently in progress with a view to making Mr Orfila, secretary general of the OAS (whose term expires in 1985) the secretary general of the United Nations as of January 1982. In connection with this matter, we are told that it is of the greatest importance to the foreign minister, to the point that long before there were any plans for his nomination, he had asked Brasilia for support for Orfila. The candidacy of the Argentine diplomat for leadership of the UN is also said to have the conditional approval of the State Department, which is currently negotiating approval by the Soviet Union. As of 1982, according to the agreement in principle, it should be a representative of Latin America who serves as secretary general of the United Nations. Naturally, in exchange for its favorable view of Orfila, Moscow would also demand its "counterparts," which would include the requirement, on which it has always insisted, that the secretary's country of origin observe a moderately "neutral" policy.

Disturbance in the Foreign Ministry

This is approximately, when all is said and done, the picture provided now with regard to the various international undertakings of Buenos Aires.

Following four or five years of ostracism, one cannot say that the situation is deteriorating, and in certain fields it seems to be improving. The administrative changes which resulted from the government turnover are introducing elements which mesh poorly and even cause discomfort among the officials in the San Martin Palace. The appointments, reorganization of functions and transfers never please, as is only logical, those replaced or "forgotten." According to our informants, many of the new appointments of heads of sectors and other departments in the foreign ministry completely surprised the preceding officeholders, with the resulting upset. The "surprises" became particularly noisy when Mr Listre, Mr Camilion's chief of staff, presented the press a short time ago with a list of 22 major new posts--director general, department heads and advisers--without informing a number of those who had previously been responsible for those sectors that they would be replaced. It will be necessary, then, to wait until waters subside there, and the suitable apparatus for less confused foreign activity than we are presently witnessing can mature in its technical details.

5157

CSO: 3010/1146

LABOR SECTOR LOOKS TOWARD UNIFICATION UNDER NEW MINISTER

Buenos Aires CLARIN in Spanish 30 Mar 81 pp 14-15

[Article by Luis Sartori: "A Changing Direction in the Labor Sector?"]

[Text] A quarter of an hour past noon yesterday, when he took the oath of office, the brand new minister of labor launched a phase which will make it possible to see if, as some sectors speculate, the much-bruised Argentine trade union movement will from now on pursue a path different from that in the past 5 years.

The theme has been the subject of much talk and discussion among the trade union leadership, and it is the focus of the differences which are today preventing its rallying in a single bloc, and which are weakening it as an interlocutor of the government.

There were those who urged awaiting the change in authority while avoiding public clamor, confident of a greater degree of participation for the trade unions as soon as General Llamil Reston was gone.

These were the unions with the National Labor Commission (CNT) and the Commission of the 20 at their center.

Other preferred a vociferous statement of the needs of the workers movement, side-stepping official contact and heaping the epithet "hard liners" on their shoulders. These factions included the Peronist Union Movement, which had joined with the General Labor Confederation (CGT) which had surfaced again.

The different tactics remained despite the blows dealt by the trade union association and social projects laws approved during the ministerial term which has just ended. They also survived the cuts imposed by various statutes in recent months.

The Future Administration

Brig Gen Julio Cesar Porcile is thus faced with an internally heterogeneous trade union front. But it is one with regard to which there has already been talk of trade union normalization, with the connotations this term takes on in a process which had the wresting of power from the trade unions as one of its characteristics.

It was just last week that two of the four trade unions authorized to do so at the beginning of the month announced elections. They were the Naval Electricians Trade Union and the Naval Suppliers Center, which have 1,012 members in all.

In both cases, the elections will begin on 1 July and will continue for more than a month, in view of the fact that two-thirds of the members are on the high seas. That date will mark a moment without precedent since 1976. But one cannot overlook one fact harshly criticized on Thursday by the CGT: the unions chosen by the government to begin their normalization (moving picture operators and grain receivers are the remaining ones) are not by any means the metallurgical, mechanical or textile unions, traditionally the most powerful in the Argentine trade union spectrum.

To date, the labor authorities have authorized only 688 zones of activity for an equal number of other organizations, representing the first step toward normalization for which Law 22105 calls. But there were none for the UOM [Metalworkers Union], the SMATA [Union of Mechanics and Related Automotive Transport Workers] or a number of other unions with electoral force thanks to the number of their members.

A year and a half has already passed since the end of February 1980, when 2,100 trade union associations presented themselves at the ministry. The trade union members believe that the end of the road is still very distant for the majority. Some individuals in the ministry give assurance that there will be jurisdictions for a thousand unions by this coming December. Meantime, the next meeting of the Trade Union Committee of the International Labor Organization is scheduled for May.

There, reports of the violations of labor agreements signed by the country by the Argentine government will be denounced. If the Porcile administration provides a substantial number of approved bylaws, the end may be happy from the government point of view in this international sector.

Corrections

Those who are not at all happy for the time being include the leaders of the CGT. This emerges clearly from their most recent statement during the "Reston era," in which they demanded popular participation in beginning to alter the consequences inherited from the "infamous five-year period," their term for the period which had ended just previously.

By way of summarizing these five years, this group specified, "instead of achieving a consensus, the government deepened its original isolation and alienation from the reality of the country."

And a paragraph the source of which could not fail to be clear was added on policy of Jose Alfredo Martinez de Hoz. "(The government) aimed its guns on the basis of a small economic group which bounded to the defense of its own interests."

From another trade union sector, "the 20" urged the reorganization of the goals of this process in their statement. After a cautious summer silence, they bade farewell to the old government with the criticism that it "limited, banished and even eliminated" its rights.

A last-minute difference with the CNT about the establishment of an intergroup commission to seek unity with the CGT prevented this statement from being a joint one.

However, the CNT and the Group of the 20 (some of their main leaders, to be more specific) coincided their enthusiasm about a concept of unity provided by a number of independent trade unions which are not members of the CGT.

The proposal is the following:

1. That the unions which are not members of the labor confederation reiterate their traditional support of it, although without formally becoming members; and 2. that enlistment be made specific with the holding of a normalizing plenary session of secretary generals jointly convoked.

Shutdowns and Dismissals

During the last week of the preceding government, among other urgent steps resulting from the financial hysteria, the shutdown of two Argentine enterprises well known to us was announced.

On the one hand, SIAM, a Buenos Aires industrial complex with a long history, which engaged in the production of a wide range of products from electrical household appliances to electrical generators, was dissolved. The state, which owned 85 per cent of the stocks, decided to sell them in lots. Meanwhile, nothing is known about the future fate of its 2,500 workers, two of whom are outstanding leaders in the metalworkers' trade union today.

In fact, the shutdown left Luis Guerrero (the leading figure in the UOM) and his brother-in-law, Juan Belen (head of the Avellaneda trade union, the second largest metalworkers union in the country), unemployed.

Meanwhile, after lengthy difficulties, the daily newspaper LA OPINION, which was also in the hands of the state, closed its doors, and another 200 individuals swelled the unemployment index, which the government has just estimated at 2 percent.

As a final scene, banking and insurance workers in this capital city bade farewell to Martinez de Hoz by tossing confetti last Friday. Humor and irony, despite these difficulties, continue to sustain the citizens of Argentina.

5157

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MINISTER PORCILE MEETS WITH LABOR GROUPS

Buenos Aires CONVICCION in Spanish 2 Apr 81 p 1

[Article by Ruben Ortiz: "Porcile Launches Dialogue With Businessmen and Trade Union Members"]

[Text] The minister of labor, Brig Gen Julio Cesar Porcile, will meet with the leaders of the three existing trade union groups in his office tomorrow, as well as with the authorities of the Argentine Industrial Union (UIA).

These meetings, the holding of which was confirmed by reliable sources, seems to establish the framework for the actual beginning of a new stage in the relations between the Ministry of Labor and the unions.

It also seems to be evidence of Minister Porcile's decision to deal with sectorial problems through further dialogue which does not sidestep disagreement, but tries to minimize and overcome it.

The dialogue with leadership levels and the search for harmonious coexistence between capital and labor with the government acting as a "moderator" seems to constitute the basic guidelines which will govern the action of the minister.

The talks with business and trade union leaders which will begin tomorrow on the level of the bodies in which the government did not intervene (the UIA in the first case and the industry and service trade unions second) will allow an exchange of ideas and information on subjects which have no reason to be purely internal. The series will continue subsequently with leaders of the sections at the bodies in which the government intervened.

Indeed it is true that trade union normalization--said to be one of the goals to be reached before 1984 ends, the wage situation and the ups and downs of industry with the effects on employment are matters which cannot be avoided, the hour of the ILO is approaching.

The predominant criterion in the government level will be the responsibility of the government to keep its international commitments in the respective forums, for which reason it regards sending a tripartite delegation to the ILO assembly "sensible."

While this moment has come, there are other subjects which demand attention and are urgent, and one of them is the problem of labor conflicts which has recently come to the fore again. Porcile sent a message to all the businessmen and the workers of the country urging them to seek a solution to their problems "harmoniously," because he believes that "only fruitful collaboration, relegating the unhealthy concept of the class struggle to the past, can give rise to peace, well-being and progress for all."

5157

CSO: 3019/1146

INCREASED SOVIET TRADE TRUMP CARD IN TIME OF CONFLICT

Buenos Aires LA NACION in Spanish 23 Apr 81 pp 8-9

[Text] The day before yesterday in Moscow, in what must be interpreted as a new step toward the strengthening of trade relations with the Soviet Union, Argentina concluded a sales transaction for 60,000 (and possibly 100,000) tons of meat, over a period of 5 years, at international market prices, according to a statement made by reliable sources here.

Those 60,000 tons represent about \$120 million per year, which will increase the considerable surplus in Argentina's trade balance with the Soviet Union. Moreover, it is a strange coincidence that this positive balance of approximately \$1.8 billion in our trade with the Russians is almost the exact counterpart of the amount of our trade deficit with the United States.

The trade relations of one country with another generally bring up questions about their implications in the areas of politics and culture. Hence, it is interesting to reflect upon the conflict of interest in precisely those areas posed for Argentina by an increase in its commercial ties with the strongest communist power in the world.

Since a problem of the country's global strategy over the long term is involved, we deem it feasible to examine rather intensively everything suggested by the commercial transaction begun in Moscow the day before yesterday. It will be a way of raising our sights amid a current situation wherein major sectors of national activity appear to be awaiting only the financial measures to be announced, possibly tomorrow, after the meeting of the national cabinet scheduled for today.

On the latter topic, perhaps the most interesting observation that we can make concerns the alarming misinformation that exists regarding the methodology and procedures followed to devise those financial measures.

The Lion's Share

In fact, we think that it is a serious and widespread mistake to assume that the ministers in the economic area have acted, throughout this entire affair, as members of a specific team or cabinet. There is no team; nor is there a cabinet. There has been, on the part of the minister of economy, treasury and finance, Dr Sigaut, the undersecretaries in his ministry and the president of the Central Bank such an exclusive responsibility for the creation of the measures to be announced that it has, in fact, been impossible to have a comparison of different views with other

spokesmen from the cabinet's economic area. Actually, it was not until the afternoon of the day before yesterday that Ministers Garcia Martinez, Aguado, Oxenford and Uricuriot began to learn about what had been devised between the Ministry of Economy and the Central Bank. Yesterday, at another meeting, those ministers were informed about another part of the package of measures.

In short, it must be understood that Sigaut and the other four ministers in the economic area have acted on this occasion in a manner quite different from that when they agreed upon the resolutions which were approved in early April. Now, in a far more peremptory manner than on that occasion, Sigaut has been dominating the area in which the major economic decisions are made.

As Dr Juan Carlos de Pablo aptly remarked the other night at a banquet given by Carlos Floria for Ambassador Roberto Guyer, there is considerable illusion in this matter of the division of the former Ministry of Economy; one need only read the law on jurisdiction to deduce who has kept the lion's share....

The Foreign Debt

It is no secret to anyone that, under the present circumstances, it is quite difficult to pursue an economic and financial path that will offer a satisfactory and immediate response to the demand from the various sectors of national activity or, to be more exact, from the Argentine Chamber of Commerce to the Argentine Agrarian Federation. Hence, it is the situation per se and not, as has been stated, a clash of allegedly different views in the government economic area, that has caused the slowness, exasperating to the more impatient, in the preparation of the package of measures soon to be published.

One has the impression that the new government has only been becoming acquainted little by little with the real seriousness of the existing situation; although it must be said that, as early as March, in the speech made by Minister Sigaut to the generals, a clearcut difference was noted from the analysis and prospects outlined a few days earlier, before the same audience, by another speaker.

Official sources estimate, without yet daring to state it publicly, that the country's foreign debt stands at about \$30 billion in capital, and about \$35 billion more with its respective interest. Half of that amount, that is, approximately \$17 billion, must be paid this year.

Under these conditions, the strengthening of Argentine foreign trade assumes a particular importance. However, the circumstances indicate that, while the Soviet Union is tending to bolster its commercial commitments to Argentina, serious obstacles continue to hamper our trade with the European Economic Community. Moreover, the conditions in the United States are not the best for encouraging much hope for its domestic market: extensive unemployment (there are 27 million unemployed in the Union and the countries of the Community), deficit in the balance of payments, intensification of certain protectionist tendencies in response to the complaints about the number of automobiles imported from Japan, etc.

Two-Way

The American congressmen who recently visited the high-ranking government officials in Buenos Aires did not appear to be insensitive to the more negative hypotheses that could be inferred from our trade relations with the Soviet Union. The issue concerns them because of its nature as a two-way street: on the side of our sales, and also on the side of our purchases, particularly of items such as heavy water, owing to the bonds of a technological type that they would possibly leave.

But the United States, which has imports amounting to about \$250 billion per year, gives Argentine exports only 0.3 percent of that amount; in other words, nothing. As for the European Economic Community, as it has expanded its foreign trade, it has reduced the margins of our participation. Today, the countries which signed the Treaty of Rome are importing \$300 billion, of which sum \$3 billion relates to Argentine sales; in round numbers, only 1 percent.

If the American congressmen who have come to Buenos Aires have been alert to what has been suggested to them, they will leave with the impression that the Argentine rulers are not unaware of the most vulnerable points of a foreign trade in which the Soviet Union has a great share. In fact, our military and the civilians collaborating with them are not unaware that, in a world of unstable peace such as the present-day one, it is essential to seek greater diversification in our markets and, if possible, to rapidly increase the dimensions of our business with the free world.

Argentina and the West

The advantage of a contract such as the one which Dr Miguel Angel Almada, director of international economic negotiations, helped to initiate the day before yesterday in Moscow, consists of the fact that, in the event of an international conflict of a more or less controllable scope, Argentina could participate in an embargo against the communist countries, but safeguard everything that has been promised in advance. There are many things that have already been promised for several years, in the case of the Russians. But if the international conflict should exceed a certain limit, certainly Argentina could not even fulfill its contracts with the Kremlin and its allies.

This means that an intense promotion of Argentine trade with the West is essential, based on the use of the experience and efficiency related to private enterprise; but it also requires a strategic understanding of its own vital interests on the part of the leading countries of our hemisphere. Therefore, the Argentine national interest must be considered in that revision.

To be sure, the greatest change will have to occur in the behavior of the Community which: 1. has sent us subsidized products, such as milk; 2. wants to send, on a large scale, subsidized products to markets on which Argentina has traditionally been present; and, 3. has imposed heavy restrictions against the entry of Argentine products into its own market.

However, it is known that President Viola has given instructions to high-ranking government officials to make a priority study of the devising of a new commercial strategy with the United States.

Palazzo's Harshness

Until mid-week, there were many other perspectives from which to follow the course of national politics. For example, Pascual Palazzo, the receiver of CAP [Argentine Corporation of Meat Producers], declined an offer made by Dr Lorenzo Sigaut for him to take charge of the intervention of SIAM, "so as to make private what is necessary, and to eliminate what cannot be remedied as scrap." Surely Palazzo did not take Sigaut's proposal as a way of joining the government to some extent, so to speak; after all, if "someone" had considered him, albeit mistakenly, too close to the heart of former Minister Martinez de Hoz to be able to qualify as one of Minister Carlos Garcia Martinez's undersecretaries, Palazzo might readily make the harshness of his disposition felt now.

In any event, it would be helpful to make the following observations: 1. Dr Sigaut's desire to act forcefully on the development of a policy of conversion to private control could not have been expressed better than in the selection (unsuccessful, it is true) of a man who has proven that he does not beat about the bush in this type of matter; 2. in the case of SIAM, unlike the situation in other state areas, it has not been with the performance of civilians, but rather with that of retired military men, that there has been dissatisfaction on the government's part.

The new controller of SIAM will be Frigate Capt (ret) Ricardo Bustamante.

Galtieri's Statements

The performance in government posts of a large number of retired members of the military itself recently prompted a message from the commander in chief of the Army. It involved a decision on which we commented some weeks ago, noting that Lt General Galtieri had decided that the Army and National Guard personnel appointed between 24 March 1976 and 28 March of this year would be required to submit their resignations from the positions that they were holding.

If, at that stage of the new government, Galtieri felt obliged to issue a message of the type indicated, it is obvious that he must have noted less spontaneity than would be desirable for President Viola's freedom of action in the inclination of certain retired military personnel to decline public positions. But, that being a significant fact, it is even more so because of a comment that we obtained last night from high-ranking Army sources: Lt General Galtieri, in fact, is confident that a message such as the one that he circulated does not constitute a unilateral act on the part of the Army.

And thus we reach one of the highpoints of the mid-week, because the same senior Army sources urged us last night to take that hope of Lt General Galtieri as a reference, so as to be able to interpret in its accurate meaning a comment by him which caused so much of an uproar Monday when, after stating at the Casa Rosada that there were no changes of philosophy or objectives in the government, he topped off his observation as follows: "If that were the case, or if it had been the contrary, I am sure that the president of the nation would have resigned, or the Military Junta would have requested his resignation."

The matter concerning Lt General Galtieri's failure to find on Monday, at the end of his luncheon with Viola, the most fortunate words with which to stress the unity of opinion that prevails, at least between the president and the commander in chief of the Army, should have ended then. If, instead of an almost chance meeting between him and the newsmen detailed to the Casa Rosada, there had been a formally organized press conference (as was his intention, so as to reaffirm the significance of his visit to Viola), perhaps the misunderstanding which caused so much commotion in the country's political opinion would not have occurred.

But although, as of noon yesterday, we lacked evidence that would allow for an accurate interpretation of what happened, last night there was no longer any doubt that the steps which the commander in chief of the Army has been taking recently have been intended to go (although he has not always been successful in this) in the direction of dispelling uncertainty about his relations with the president.

The reader will agree that, with everything that has happened during these few days, it is physically impossible to comment in this space on the significance of the fact that Mr Juan Piran, former president of the Argentine Rural Association, or Mr Luis Demaria (of the Agrarian Federation) will be appointed members of the board of the Bank of the Nation, as was learned last night from reliable sources; or, in short, to grasp the essence of the meeting to be held at 1830 hours today, in the Apolo Room of the Hotel Savoy, by the Action and Studies Group to elect its officials, through a court order, after the suit brought by the sectors headed by former Minister Jaime Perriau, on the one hand, and former Minister Jose Catalan, on the other.

We understand that the victory will go to Perriau and his friends.

2909

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COMMON DEFENSE AGAINST SOVIET INTERVENTION URGED

Buenos Aires LA PRENSA in Spanish 23 Apr 81 p 8

[Article: "The Devious Soviet Policy"]

[Text] Chancellor Helmut Schmidt of the Federal Republic of Germany stated before the Bundestag that, "the Soviet Union has ceased to abide by the fundamental principles of international coexistence," and that, "Moscow has violated the principle of military balance with its rearmament in the European area; its invasion of Afghanistan is in violation of international law; and the creation of zones of influence in the Middle East oil-producing regions, in the military and political areas, is contrary to the principle of the independence and nonalignment of the Third World countries." He then stressed the importance of his adherence to NATO and the United States, "on which the security of the West depends."

His status as chief of German diplomacy prompted the chancellor to speak with restraint; however, these statements demonstrate the official recognition of the Kremlin's "dirty game."

The world is not unaware that the "international coexistence" exercised by Moscow represents a constant intention of injuring the free peoples. The world is not unaware of its armed intervention nor of the farce of the nonalignment of the Third World countries, headed by its Cuban appendage. The world knows that thousands of Soviet advisers and technicians are operating in over 20 countries and that, in other instances, it is training subversive elements within its orbit, arming them and supporting them financially.

The German chancellor's statements are important, because they attest to the insidious positions of the Kremlin. And that is a good thing, because it exposes the determination of those ideologues to maintain the conquest of the free world among their plans. It is good because the peoples and governments which have the privilege of freedom can observe more closely the danger that communism represents. It is good because it tends toward the grouping of those peoples and governments in the defense of the common cause of liberty and peace.

On his recent trip to Moscow, the German minister, Hans Dietrich Genscher, told Andrey Gromyko about NATO's decision to place medium-range nuclear missiles in Western Europe, and rejected President Leonid Brezhnev's idea regarding a moratorium on this serious issue.

The world is gradually verifying the danger of communist infestation and the persistence of its dreams of domination. The position of the government of the Federal Republic of Germany, demonstrating its agreement with the United States, and the statements by high-ranking officials of the latter country calling the world's attention to the Kremlin's aggressive policy, constitute two good bases for the establishment of a common defense on behalf of republican institutions and the maintenance of peace and liberty as preeminent factors for the survival of the human condition and the dignity of life.

2909

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ARTICLE FOCUSES ON VASTLY INCREASED MILITARY INDUSTRY

Santiago ERCILLA in Spanish 15 Apr 81 pp 17-18

[Article by Richard Vera: "Argentine Military Assessment"]

[Text] All the regional records for military spending have been broken by Argentina in recent years. The country, which ranks second in geographical area in Latin America and third in population, has now gained (as everything indicates) first place for military investment.

The claim is based on records made available by the trans-Andean experts themselves, through the news media. Among the most important data is the figure of 15 percent of the national income taken by the defense sector (according to Iglesias Rouco, a commentator from the newspaper LA PRENSA).

This sum is about three times the amount spent by Brazil in the same category. Other trans-Andean commentators blame this excessive spending on the disastrous economic situation currently confronting the nation.

The significance of this military budget is also found in the comments made by the trans-Andean experts themselves. One of them, Miguel Angel Moyano, a commentator from LA NUEVA PROVINCIA, states in his book, "Modern Arms for Latin America," that the arms race is an effect of a crisis stemming from the need of nations to find new sources of hydrocarbons and food, and the battle for control of the strategic areas. Moyano declares that, during these periods of decisive crises, it is the duty of those who assume the responsibility for directing national life to protect Argentina from any "surprise factor," maintaining constant watch over the situation and, when the time comes, even acting in advance and producing the political event that will make it possible to protect the essential interests of the community.

Production and Purchases

Among the most prominent aspects of the trans-Andean military expansion, the level reached by its weapons industry should be cited. It is known that at the present time there are 50,000 persons working in it. The companies, nearly all of which are state-owned, have a production ranging from bayonets to aircraft and missiles.

Among the most important accomplishments of this productive sector, we can mention the massive manufacture (for the country's own needs and for export) of the Tam

medium tank and the development of an antitank missile similar to the Cobra. It has also developed another remote controlled supersonic missile for naval use, and the Coral and Aspide air-to-ground missiles.

At the present time, the trans-Andean shipyards make it possible to construct carriers, hydrographic vessels and other smaller units. But their most ambitious mission has been the manufacture of the destroyer "Santísima Trinidad." Prominent among short-term plans is the construction or assembly of submarines, patrol boats and missile carriers.

Similarly, the manufacture of warplanes has developed greatly since 1974, when production began on the tactical support plane, Pucara, which has also been sold to Bolivia and Mauritania.

In any event, the weapons industry is only a supplement to the immense investment in weapons and advanced equipment made by Argentina since 1977 (the date of the freezing of North American sales), particularly in the European countries.

To summarize, in 1980 and 1981 alone, Argentina purchased 36 new Mirage aircraft, added to another 14 bought previously. It also purchased four new German U-209 submarines, to be added to two submarines of the same type already received, and another two of North American manufacture purchased in 1971.

The Navy has also contracted for the purchase of six new Merko 360 German frigates, equipped with long-range antiship and antiaircraft missiles and antisubmarine trackers. Two 1,200-ton French corvettes have also been purchased (and two more are about to arrive), supplied with Exocat missiles.

Men and Equipment

The power of the trans-Andean Navy will also be increased soon with the purchase of 16 Super Etendard combat planes which fire antiship missiles 75 kilometers away. These units will replace the Skyhawk fighter-bombers which have thus far comprised the equipment of the "25 de Mayo" aircraft carrier. The Army has also purchased 120 Kuirassier tank destroyers from Austria.

The current contingent of trans-Andean military troops is estimated at 133,000 men, 95,000 of whom belong to the Army, which is organized into five corps that are in turn broken down into two armed brigades, six infantry brigades, three mountain brigades one airborne brigade, one independent armored car regiment, six antiaircraft defense battalions and one air battalion.

The infantrymen's weapon is the Fal rifle. As for the artillery, mention should be made of 24 MKF3 self-propelled guns with 105 mm barrels, 50 Kuirassier 13 tank destroyers with 105 mm guns, howitzers and mortars of various types, SS-11 and 12 Bantam and Cobra antitank missiles and Tigercat surface-to-air missiles.

The most powerful armored vehicles that the Army has are 100 Sherman Firefly battle tanks, 120 AMX-13 light tanks, 300 AMX armored cars for troop transport and 100 Tam tanks (from a program that is under way to obtain 200).

As for the Argentine Navy, its personnel numbers 39,500 men, including marine and naval air contingents. Its largest unit is the "25 de Mayo" aircraft carrier purchased in 1968, whose Skyhawk airplanes will be replaced (as has already been noted) by modern Super Etendard. At the present time, it also has four submarines (two Guppy and two U-209), two Brooklyn cruisers, eight highly advanced destroyers equipped with Exocet missiles and another one carrying a Lynx helicopter, which fires Sea Dart antiaircraft missiles.

Its marines are also well equipped as is the naval air force, which has 15 Skyhawk fighter-bombers and 20 reconnaissance and antisubmarine aircraft, as well as Alouette III, Sikorsky S-51, Sea King, Hughes and Bell helicopters.

Finally, the air force consists of 20,000 men and 400 planes. The aircraft include Canberra bombers, Mirage III fighter-bombers, Pucara light attack planes and Paris fighter planes. It also has 90 transport and liaison planes, including seven Hercules. Its most modern apparatus has AS-11 and 12 antiarmor, and Sidewinder anti-aircraft equipment.

Added to the trans-Andean defense units is its national guard, which has about 11,000 troops, M-113 armed cars, light aircraft and helicopters. It also has, as paramilitary forces, the 9,000 men in the national maritime prefecture and the 22,000 federal police.

2909

CSO: 3010/1252

ILLEGAL GOLD MINING OPERATIONS WORRY GOVERNMENT

Foreigners Involved

San Jose LA NACION in Spanish 10, 11 Apr 81

[Article by Hector Fallas]

[10 Apr 81 p 2A]

[Text] A 17-day investigation through the Osa Peninsula found that no control is being exercised over the mining and sales of gold. Several foreign companies are extracting it without the proper permit, and there is a lack of surveillance both along the coast and at three airports.

The head of Migration and Aliens of the Southern Zone, Julio Rendon, and the assistant director of the Brunca Region of the Rural Guard, Capt Gilberto Morales, also pointed out that at least 200 Costa Ricans are panning for gold in rivers and, because there is no Central Bank branch there, selling it mostly to American citizens who come to see them twice a week.

They have not succeeded in ascertaining the amount of gold that each company is securing, because no one monitors their operations, and suspicions have arisen in connection with the illegal outflow of the metal to Panama, the United States and other nations.

Captain Morales reported that there is a single rural guardsman for the entire town of Rio Oro and two in Puerto Jimenez. The former is responsible for an extensive mining area and does not have a vehicle in which to move around. In his judgment, the only way to monitor gold production would be to establish a police detachment and a government-run office to buy what is extracted.

He has reports that in 1974 the Office of Geology and Mines came out with an estimate, which he termed conservative, that the "gold panners" alone obtained 15,000 ounces a year (an ounce was selling for \$90 at the time) and gross production totaled more than 12 million colones.

With the establishment of modern companies in the region, of course, gold extraction has increased greatly.

Other Irregularities

It was also learned that 6, 8 and even 10 yachts at a time often drop anchor off Boca de Matapalo for up to 15 days, involved in some unknown activity. Moreover, there is a large vessel just 75 meters from the beach, supposedly drilling into the ocean floor in search of gold.

In the judgment of the two officials, these irregularities are occurring because there is no cooperation from the Puntarenas naval base, and boats can enter and leave as they please.

It was also found that several companies have been continually polluting the rivers in which they wash the material and many are devastating forested areas.

Cases

The irregularities are not confined to the Osa Peninsula. Captain Morales learned that in Caracol de La Vaca, near the border with Panama, there are two companies that requested the mining permit, have not yet received it but have been extracting gold for some time anyway.

Many of the foreigners, he said, are not only appropriating our nonrenewable resources but deceiving Costa Ricans as well. A company that was identified as the Legal Economic Consortium (because there are no papers to back it up, we do not know whether this is its real name) paid a man named Mayorga 5,000 colones to do prospecting on a piece of his land. The company, however, began full-scale development and threatened to report him to the Office of Geology and Mines, so that it could take away his land, if he did not allow the firm to mine the gold there.

The officials found that only two of the firms operating on the peninsula are doing so legally: one working in several areas on Violines Island and a consortium of companies in the towns of Carate and Rio Tigre. The rest show irregularities in their leases.

Conflict

There is an obvious battle going on between the companies and the "panners," who employ rudimentary methods to extract the gold from rivers.

When a company secures a lease, it has absolute freedom to mine an area for the stipulated period. The panners, however, are annoyed because they have gradually been displaced.

Mr Felix Antonio Abellan, who has resided in Rio Oro for 42 years, said that he does not understand why the State has not designated a trustworthy Costa Rican to grant mining leases to, so that all of the profits remain in the country; instead, foreign companies have been selected.

Mr Carlos Porras, another gold sifter, feels that in view of the obvious displacement of Costa Ricans, the government ought to issue them licenses to

enter the Carate biological reserve and mine gold from the river without harming the environment. He does not think it is fair that while he works hard to extract 1 or 2 grams of gold a day, the companies, using the latest equipment, can extract 3 cubic meters of material a minute. He also expressed his annoyance that in order to get a tractor to dig up the earth that they sift, they have to have clearance from the companies or pay them outrageous amounts to provide the service.

Mr Alvaro Chavarria, who is also involved in this activity, commented that the companies can deforest as much land as they want without anyone calling attention to them, whereas when someone like him fells a tree, he is accused of harming the environment.

Douglas Griff, from the Carate Oro firm, stated that his company has invested several million colones and that the "panners" are working in areas that they are developing. "We respect their presence in the area, but it is not our fault that they are unhappy with a lease that the government itself granted."

[11 Apr 81 p 4A]

[Text] The head of Migration and Aliens of the Southern Zone, Mr Julio Rendon, discovered through investigations on the Osa Peninsula that many foreigners with tourist visas are involved in gold mining and that due to a lack of funds, their entries and exits are not being monitored.

He added that most of them enter at Paso Canoas and head for the peninsula. Others arrive at Juan Santamaria Airport, head for Tobias Bolanos and fly direct to Puerto Jimenez.

His biggest concern is that the foreigners are not requesting residence or work permits; instead, they begin mining gold right away, displacing Costa Rican workers, most of them unskilled.

He was quite surprised that all of the leased areas he visited were in the hands of foreigners, mostly Swiss, Germans, Canadians and Americans.

The director of the Geology and Mines Department, Mr Luis Felipe Sandoval, said that most of the mines are run by foreigners because in most cases they file requests for them through Costa Ricans, who subsequently transfer them. He felt, furthermore, that the law regulating the activity is totally inoperative and contains no stipulation to protect national interests. He reported that by simply meeting a few minimum legal conditions anyone can obtain a mine lease. "The current code provides everything and demands nothing in exchange," he said.

He went on to say that several illegal gold mining operations have been reported to him but that the current Mining Code does not give the Geology Office any authority to act in such an event.

He felt that the Executive Branch is aware of the need to issue a new Mining Code to repeal the present one (1953). The legislative Assembly has been debating one for four sessions, however, without result.

The current code, he stated, has serious irregularities. It stipulates, for example, that no natural or juridical person can be given more than 2 square kilometers for development. "However, attorneys register as many natural and juridical persons as they wish in order to get the desired piece of land."

The investigation by the Rural Guard and the Southern Area Office of Migration and Aliens discovered that there is a ship at anchor off Boca de Matapalo that is apparently drilling into the ocean floor in search of gold. In spite of this, Sandoval mentioned, the Office of the Attorney General of the Republic feels that the Legislative Assembly has the authority to grant such permits.

He added that if it were a geophysical vessel, the request could be processed by the Foreign Relations Ministry, which would ask the Geology Office to send two geologists to take part in the investigation. "In the case at hand, neither of the possibilities exist because we have not found out what is going on."

Exports

The head of the analysis and programming section of the Central Bank's financial department, Johnny Cisneros, mentioned that in the wake of a report that the president of the republic sent them on the number of mines operating outside the law, a commission was set up to establish and monitor a gold trade in Costa Rica.

He reported that at present the Tower International Bank and the Swiss Bank Corporation of Panama are the biggest purchasers of gold extracted from our soil. In view of this, the bank will have to establish a purchasing laboratory that can offer the same guarantees as the other banks and pay the going world market prices.

He went on to say that Article 101 of the Central Bank charter allows persons to do business with the nation's gold output either inside or outside the country as long as they obtain an export license and remit the foreign exchange to the Central Bank. He acknowledged, however, that exports are not closely monitored. In his judgment, these are the responsibilities of the customs-houses, and he does not know whether they are meeting them fully.

He reported that the bank is interested in providing incentives for the generation of foreign exchange from nontraditional lines of production and that miners can avail themselves of the industrial development protection law, which exempts them from taxes on imported machinery, which would be utilized in this activity.

Last year, the Central Bank took in \$2,739,755 from gold exports.

Earnings

Armando Guardia, the general agent of seven companies with leases on the Osa Peninsula, said that gold mining requires enormous investments that are not always compensated by the amount of gold obtained.

He said that the leases are not always done properly. He cited the example of the Joanne mine, which could not be developed because the boundaries of the Carate forest reserve were extended by law and the mining area was reduced to a very small tract. The Salsipuedes mine lease was granted even though it was located within the Corcovado National Park limits. Work on Lease 538 was halted because the Carate Oro Investment Company had to withdraw due to similar problems. The Canadian consortium involved in gold mining there was thus left with parcels 506, 507, 508 and 509, two of which are ringed by mountains and difficult to reach. Thus, only two of them offer development prospects.

In view of these difficulties and given the heavy investments that the parent company, Canosa S.A., had made, it signed a contract with the firm Minera Metro y Placeres de Bajada, located in Rio Tigre, to do a production test and determine whether they should purchase the leases or work together.

Attorney Guardia feels, however, that the current Mining Code is inadequate and, therefore, has to be replaced. He believes that annual production royalties ought to be increased, while granting tax breaks and streamlining lease procedures.

Control Measures Taken

San Jose LA NACION in Spanish 11 Apr 81 p 4A

[Text] Public Security, along with other departments, will take measures as soon as possible to guarantee tight control over gold mining operations in the southern part of the country.

Deputy Minister Harry Wohlstein made this assertion yesterday in disclosing details of the investigation that members of the Rural Assistance Guard, under the command of Capt Gilberto Morales, conducted over a 3-week period on the Osa Peninsula.

Separately, it was reported that many foreigners with tourist visas are involved, free from any controls, in gold mining and marketing in the area.

Commission

Deputy Wohlstein asserted that a commission made up of officials from his ministry, the Ministry of Energy and Hydrocarbons and the Central Bank would be set up immediately. They will travel to the area in question to conduct the appropriate inquiries into the activities of companies and individuals there.

Estimates are that in the Laurel zone alone some 3,500 persons are involved in the mining of gold. Gold sales yield weekly profits of about \$650,000, on which the stipulated export taxes are not being paid. Capt Gilberto Morales said that individuals involved in the activity expressed a willingness to deal with the Central Bank.

The explanation given them was that they ought to cooperate to stem the outflow of foreign exchange from this source at present.

The "panners," as the people involved in this work are called, told Morales that as long as an office of the Central Bank is set up in the region and they are paid a price commensurate with their average daily output, they would avoid selling the gold to foreigners. Morales himself acknowledged the possibility of fierce competition, however, when he mentioned that an American disclosed publicly that he was carrying \$400,000 and would pay 300 colones for a gram of gold.

The going price is 250 colones. The American emphasized that few people would be prepared to top his offer. Moreover, private companies are operating outside the law and even have access to airports to ship the product out of the country.

The authorities voiced concern over the lack of control but conceded that they do not have enough money for monitoring.

They stressed that the companies that are using expensive equipment are destroying forests and catchment basins.

"They can afford to sift through an entire river bed as they please to extract some gold," the officials asserted.

Another odd development is the presence of mysterious yachts off Violines Island and Puerto Jimenez.

The police are powerless to deal with these activities. It was for this reason that in the wake of Captain Morales' reports, the Security Ministry resolved to work together with other agencies and adopt more effective control measures in relation to a natural resource that, in the judgment of Deputy Minister Wohlschtein, is being exploited "almost indiscriminately."

8743
CSO: 3010

UNIONS, EMPLOYERS ASK GOVERNMENT TO DRAFT CONTRACT

FL072119 Bridgetown CANA in English 2107 GMT 7 May 81

[Text] Roseau, Dominica, 7 May (CANA)--Trade unions and employers have asked government to draft an industrial contract which Prime Minister Eugenia Charles hopes would attract investors to Dominica. The agreement follows a meeting yesterday between Prime Minister Charles, Home Affairs Minister Brian Alleyne and representatives of the Dominica Association of Industry and Commerce (DAIC), the Dominica Employers Federation (DEF), trade unions and the Industrial Development Committee (IDC).

"It was felt that this contract was necessary so as to assure investors that there would be a period of industrial respite during the initial training and establishment of new enterprises," a communique on the discussions said. It quoted Prime Minister Charles as saying that her position abroad would be much stronger if she could show potential investors that Dominica was a place where mature and reasoned industrial relations prevailed.

The prime minister said the Dominicans must be aware of the profit motive as an attraction for investment. She added that she could not compel investors to give something in exchange for investment other than the business which they would create in the country.

The statement said it was felt "that there was need for a tripartite approach to this issue if the present industrial climate was to improve and good relations were to be sustained in the future." The draft industrial contract will be circulated to trade unions and employers organizations for comment after its preparation by the government.

CSO: 3025/1010

MORE APPROPRIATE USE OF SCIENCE, TECHNOLOGY URGED

FLO71614 Bridgetown CANA in English 1520 GMT 7 May 81.

[Excerpts] Roseau, Dominica, 7 May (CANA)--The need for the Caribbean to develop its own storehouse of knowledge in science and technology in order to solve certain regional problems has been stressed here by Dominica's Education and Health Minister, Charles Maynard. Mr Maynard spoke at the inaugural meeting of the Dominica Council of Science and Technology. "One of the biggest problems in the region is the knowledge that is available in the area of science and technology and the use of that knowledge in solving our problems," he said.

The Dominica Parliament recently approved legislation for the councils establishment in keeping with a regional agreement. The Dominica Council will be charged with identifying ongoing local research on a scientific and technical nature, as well as encourage research into problem areas like food preservation, pharmaceuticals, medicinal properties, essential oils and hydro energy.

He said that while there could be seen areas of progress in the field of science and technology in the Caribbean, there "is still the case that if we are looking for somebody to do something in the region we generally tend to think of somebody from outside first, before looking for somebody in the region."

"We still see the situation in the Caribbean where a number of things are still being done on a pattern from outside and we are still not asking ourselves how are we going to re-design the approach", he told the meeting.

Mr Maynard made it clear that he was not suggesting the complete eradication of foreign-based science and technology methods in the region. "What I am really saying (is that) we must use science and technology that is appropriate to deal with our own problems."

CSO: 3025/1010

ROLDOS FACES DOMESTIC PROBLEMS AFTER BORDER SETTLEMENT

Lima EL COMERCIO in Spanish 18 Apr 81 p 20

[Article: "Ecuador Returns to Its Difficult Routine"]

[Text] Quito, 17 Apr (DPA)--After its border conflict with Peru, Ecuador again faces its difficult everyday routine. President Jaime Roldos Aguilera must once more govern in the face of a parliament from which he can obtain a majority only in some cases.

For several weeks 8 million Ecuadoreans had forgotten domestic difficulties. All of the political forces, including the leftist professors of the University of Quito, backed the president in his struggle against their neighbor, Peru, which has a notable military supremacy.

There is no doubt that 40-year-old President Roldos emerged strengthened from the armed conflict. The people supported him at a decisive time, but the pending problems that will exist for the next 3 years, until the 1984 presidential elections, have not diminished.

As the first president to be democratically elected after 7 years of military rule, Roldos in 1979 obtained more votes than any previous president (62 percent). In the beginning it was believed that the young lawyer was going to be only the tool of the strong man of that time, Assad Bucaram, the leader of the Concentration of Popular Forces (CFP).

Bucaram's candidacy was obstructed by the military through a law that prohibits the election of a citizen who is not the son of Ecuadoreans. Bucaram is the son of Lebanese parents. When Bucaram proposed Jaime Roldos, the husband of his niece, as a substitute, he did not think that Roldos would develop a policy of his own. Bucaram opposed the policy of his nephew in the national assembly to such an extent that it paralyzed parliament and caused a schism in the CFP, which has 29 of the 69 seats in parliament. Nevertheless, today they support Bucaram.

Up to now, Roldos has not succeeded in obtaining a majority in parliament, which includes no less than 12 parties. The second largest faction, the Democratic Left [ID], which has 14 seats, this past weekend decided at a party meeting to join the opposition. This decision was reached with a view to the 1984 elections, at which time 44-year-old former candidate Rodrigo Borja will again head the ID list.

Therefore, at the moment Roldos counts only on the support of the Popular Democracy Party (DP) of his Vice President Oswaldo Hurtado Larrea.

One of the obstacles that can cause Roldos to stumble is the price of gasoline. For many years the price of 4 sucres per gallon (about 22 cents) remained invariable and was among the lowest in the world.

In spite of the strong resistance of various sectors, the price rose to 15 and 20 sucres per gallon, according to the octane content. Nevertheless, the price continues to be subsidized. Through higher prices, the government wants to prevent Ecuadorian gasoline from being smuggled into Peru and Colombia, as has been occurring up to now.

Labor unions are combating the increase in prices and demand at least a corresponding increase in salaries. They have called for a general strike for the beginning of May which, however, it appears will not be very successful. The rate of inflation is 14 percent, one of the lowest in all of Latin America.

Another preoccupation for the Roldos government is the drop in crude oil prices at the world level. In December and January it sold its crude for \$39 and \$40 per barrel (159 liters). In April of this year the price had to be reduced to \$36.33. In view of the fact that half of the 1981 investments depended on the income from petroleum, Ecuador had to increase its production of 4,500 barrels to 225,000 barrels a day, this being the second increase in production in the present year.

8255

CSO: 3010

ROLDOS' FIRST 20 MONTHS IN POWER SURVEYED

Quito EL COMERCIO in Spanish 10 Apr 81 p 1

[Text] Today marks the passing of 20 months of President Jaime Roldos' government, or one-third of the 5-year constitutional period for which he was elected.

This date coincides with the proximity of the president's private trip to the United States.

This year has seen difficult and complex days--more than difficult up to now--with the three international problems involving Peru, Cuba, and the M-19 guerrillas, and now the government is concentrating on domestic matters.

In general, the 20 months were difficult ones, since the government of the million votes and of the young mandataries began its work with a power struggle.

After this considerable period of time, the government structure continues as in the first days and there is hardly any mention of the possibility--not very concrete--of an entry of new forces.

The following continue to revolve around the government nucleus: the Popular Democracy Party, the eulogizers of Country, Change and Democracy, the friends of the president and the renowned "chuchumecos."

The president is criticized, sometimes harshly, but in his travels he also receives applause, repeated according to circumstance at certain populist episodes and incidents.

His adversaries maintain that Roldos' image has been weakened during this period and they give reasons--very varied ones--for that.

Certainly the rumors of an alleged coup were recently dismissed; instead there are assertions that the almost forgotten "black hand" again carried out a brief maneuver.

There is still a possibility of cabinet changes. This will depend in part on the decisions that the Democratic Left adopts and in part on decisions that have already been virtually made regarding the removal of some ministers and officials.

With respect to the Democratic Left, it is not a secret that there is a difference of opinion with respect to cooperation; a more positive rapprochement seems very unlikely.

In the case of the possible entry of the other two mentioned parties into the government, the FRA [Alfarist Radical Front] and the Democratic Party, one of the problems lies in their lack of legislative presence, owing to one of the most controversial constitutional measures having to do with the 5-year term of the representatives.

With things as they are, it is possible that the government picture will remain unchanged, but that differences in opinion will become aggravated among the various groups that surround the president, which have already had skirmishes that were curbed by Roldos.

Also there are at least two currents in the Popular Democracy Party. The groups may be defined as followers of Vice President Hurtado and of Trujillo. There are leaders among those legislators who believe that that party should have a greater influence.

As far as is known, relations between President Jaime Roldos and Vice President Osvaldo Hurtado continue to be very good.

At least part of the government team of the first 20 months has consisted of personal friends of the president. It is headed by the Undersecretary General for Administration, the Inspector General, and the Director of the Development Bank, among others.

Other sectors attack the president's friends, but the president keeps them close by, considering them loyal. The adversaries believe that "hotbeds of gossip" exist there, to use a colloquial term.

The economic aspect of the period has been difficult.

The Ecuador of 1980 and 1981 is not the Ecuador of 1974, when petroleum prices rose, said an official. He pointed out that the country is paying a price because petroleum speculation and other expectations--among them the Andean Pact--caused certain enterprises to expand exaggeratedly, out of proportion.

According to the results of a brief poll, there are hopes in the official sector of an economic recovery. The agricultural year seems auspicious. Nevertheless, inflation is reaching very high limits.

Economic measures have been the subject of polemics or of criticism in the present government.

With all the problems, the government sector considers that the country has overcome a complex state--that of passing to a civil government under troublesome conditions on various fronts.

There are not only pessimists in the various sectors; there also are those who view the future of the country with faith.

Everyone knew that the first stage of the new government was going to be complex, although the problems were aggravated by political events and the conflict.

There is still plenty of time for the government to fulfill its promise.

8255

CSO: 3010/1246

CHAMBER OF COMMERCE DISCUSSES REFORMS PROGRESS, ECONOMY

San Salvador EL MUNDO in Spanish 10, 17, 24 Mar 81 Industry and Commerce Supplement

[Article by J. Armando Contreras: "Chamber of Commerce Discusses Economic Policy"]

[10 Mar 81 p 15]

[Text] The Chamber of Commerce and Industry has sent us a document containing comments on the economic policy followed last year.

In view of its size, we will publish it in two (as published) installments. The first installment will be published today and the second on 17 March.

The document reads as follows: Brief Comments on the Economic Policy Followed in 1980 and Its Effects on the Country's Economic Development.

1. Introduction

The El Salvador Chamber of Commerce and Industry, aware of its responsibilities as an institution of the private sector, which harbors many of the country's productive activities, in compliance with its bylaws and loyal to its past record of expressing its opinion on any matter of national interest, has found it appropriate to discuss some of the economic policy measures whose effects, on the whole, are not contributing to the growth of the gross domestic product, as would have been desirable.

The Chamber also wishes to reiterate that, as the Productive Alliance recently stated, it "supports and defends certain principles which it considers fundamental for the development of a dynamic economy favoring the utilization of a nation's natural and human resources, without neglecting the equally fundamental principles of social justice and an equitable distribution of wealth."

2. Social Factors Currently Affecting Private Businesses

It is obviously unnecessary to call attention to the personal insecurity of entrepreneurs and the atmosphere of violence and destruction affecting personal and real property used as tools of production and prosperity.

That atmosphere is accentuated by the erratic, abundant and uncoordinated legislation which is being passed daily in the greatest profusion and which is constantly being amended just as rapidly. Several highly distinguished institutions in the legal field have already commented on this and have questioned vague laws covering a broad spectrum ranging from the delicate task of drafting a constitution to simple ordinances of an administrative nature.

This personal insecurity in the case of property and laws, added to the extensive and accelerated deterioration of the economy, only favors a climate of uncertainty, suspicion and discouragement for future business activity.

3. Objective Analysis of Some Effects of Reforms

a) Agrarian Reform

The bases of agrarian reform began to take shape with Decree No 43 of 7 December 1979. We find the heart of its content in the first subsection of Article 1, which reads as follows: "Any natural or juridical person owning or possessing more than 100 hectares of land, in the form of one or more rural estates within national territory, will not be allowed to transfer his ownership or to encumber such land with a mortgage or usufruct as long as the Agrarian Reform Law has not become effective."

Decree No 153 was issued on 5 March 1980 and includes the "Basic Agrarian Reform Law," whose Article 3 reads: "Agrarian reform will be applied on a national scale, irrespective of crops, location, productivity, tenancy system, soil quality and other variable factors, etc." The first subsection of Article 4 continues: "Lands affected by this law are those whose ownership or possession within national territory corresponds to one or more natural persons, heirs or companies and whose area exceeds 100 hectares in the case of estates with soil types I, II, III and IV and 150 hectares in the case of soil types V, VI and VII. These areas are subject to the right of reserve in favor of landowners or landholders."

It should be noted that the minimum areas listed above may be affected if certain requirements listed in Article 1 of the aforementioned law are not met.

On the basis of Decree No 154, also dated 5 March 1980, the first stage of agrarian reform was implemented, which included expropriation by the Ministry of Justice of rural estates within national territory in excess of 500 hectares, whether in the form of a single unit or as a combination of several units.

The process of agrarian reform continued and Decree No 207 was issued on 28 April 1980, which includes the "Law for the Appropriation and Transfer of Agricultural Lands in Favor of Those Cultivating Them Directly."

Under the aforementioned decrees, what have been called the first and third stages of agrarian reform were carried out, with some of the negative effects listed below:

I--In practice, so-called expropriation has become confiscation, since the respective owners have not yet been compensated according to law.

[17 Mar 81 p 14]

[Text] II--Contrary to what is generally done in agrarian reform procedures, the small estate was established by means of Decree No 207, since 7-hectare estates, equivalent to almost 10 manzanas, have been created. But the most alarming thing is the community system which has been established on the large estates, for in practice the cooperative system does not exist because the state owns the land and the means of production.

III--As an ironic result and in accordance with the recent notice of the Ministry of the Treasury, those affected by the agrarian reform process, and who do not yet know when and how they will be paid for their land and other properties thereon, are obliged to declare income and roadways. No comment.

IV--Low production and productivity are a well-known fact, with the exception of some grains such as corn, whose production has apparently risen. It has also been learned that in the absence of good management, production costs have reached very high levels, which will mean losses for many agricultural communities.

V--Estates not included in the aforementioned first or third stages have been affected.

VI--The specter of uncertainty hangs over the owners of estates which could be affected by the second stage, which means a stagnation of activity and a lack of investment as a direct result.

b) Foreign Trade

The "Internal Bylaws of the Executive Branch of the Government" were amended by Decree No 9 of 17 January 1980 with the purpose of establishing the Ministry of Foreign Trade and assigning its respective areas of jurisdiction. The first minister of foreign trade was subsequently appointed, but months have passed without anything actually being accomplished. A new minister was appointed this year to replace the one who resigned. It has been said that the ministry "will begin operating normally and in its own quarters sometime in March." Apart from the growth of bureaucracy, no action can be noted by the new ministry, which was created more than 1 year ago.

b. 1) Establishment of INCAFE [National Coffee Institute]

The "National Coffee Institute Law" was enacted by means of Decree No 75 of 20 December 1979, published in the Official Record of Wednesday, 2 January 1980. The provisions of this decree stipulated that, in order to remedy a series of past mistakes, "it has become necessary to nationalize the coffee exporting industry and assign it to a government agency which, on one hand, is free of improper influence and pressure from vested interests and, on the other, possesses the means for organizing the domestic and foreign marketing of coffee

on a national scale, which is beneficial to producers, workers, the international balance of payments, the public interest and the Salvadoran people in general."

The third subsection of Article 6 of the law gave rise to the cooperative philosophy, in a manner that is similar to what is being done by the private organization known as the El Salvador Cotton Cooperative. The law therefore stated: "When liquidation is carried out, the Institute will pay the producer, in Salvadoran colones, the price corresponding to his share of the proceeds from the total sale of the harvest in question, in proportion to the amount of coffee that has been produced, so that all crops are priced the same for the same type of coffee, without prejudice to applicable adjustments for differences in quality."

The INCAFE Law was substantially amended on 18 February 1980 by means of Decree No 124 and the entire philosophy of a cooperative system and of maximum benefit for the producer was eliminated.

This nationalization, even considering the negative effects of the drop in coffee prices on the international market, which is not the fault of INCAFE, has partly had the following negative effects:

I--The power of making decisions has been concentrated in a few hands, with the dangers inherent in marketing a crop so sensitive and delicate as coffee.

II--Liquidation prices have not been realistically established and the producer has received less than what he deserves.

III--The old phenomenon of "the who had luck and foresight sold well, while the others sold poorly" has occurred again. In other words, cooperativism does not exist.

IV--Coffee growing is going through one of its worst crises: low prices and liquidation at less than international prices; increasing costs; growing indebtedness; additional expenses for combating rust; uncertainty of expropriation; costs greater than the price of liquidation.

b. 2) Establishment of INAZUCAR (National Sugar Institute)

Its philosophy of creation is similar to that of INCAFE. With regard to its operation, not much can be said since the sugar industry is in a period of crisis, due mainly to the violence that has destroyed a good deal of the sugar cane crops. This has resulted in a considerable drop in production and is the reason why, from a former sugar cane harvest of more than 6 million quintals, it is almost certain that we will not even have a harvest of 4 million quintals this year. This situation has prevented us from benefiting from the high international prices for sugar, since there will be little left for export after satisfying the needs of the domestic market.

It is hoped that INAZUCAR's policies will be attractive enough to stimulate future plantings, otherwise we will run the risk of becoming importers. It should be pointed out that the uncertainty caused by the possible implementation of the second stage of agrarian reform is a factor limiting the cultivation of much land intended for sugar cane.

It must be borne in mind that sugar is the cheapest food and also represents a valuable consumable investment for many industries. Molasses, one of its derivatives, is the raw material of the liquor industry and a valuable complement in the diet of cattle.

c) Banking Reform

The nationalization of banking, whose first stage affected the system's private banks and savings and loan associations, was carried out on the basis of Decrees No 158 and 159 of 7 March 1980, which include the "Law on Nationalization of Lending Institutions and Savings and Loan Associations" and the "Provisional Law on Control of Lending Institutions and Savings and Loan Associations."

The effects of such a measure are not yet clear, but in this case the precaution was taken to retain the administrative apparatus of financial institutions, which has undoubtedly enabled them to continue operating in a relatively normal atmosphere.

The preceding extenuating circumstances cannot remove the fact that, similar to what took place in the case of agrarian reform, although to a more limited extent in practice, expropriation has also had the aggravating effect that some banks and savings and loan associations have not yet been able to determine how and when their former stockholders will be compensated.

[24 Mar 81 p 15]

[Text] 4. Comments on Other Cases in the Area of the Economy and Services

Still in regard to legislation and economic measures adopted during 1980, there was a desire to correct some mistakes and situations, whose origins date back several decades, and to skip that stage in a somewhat radical fashion. It is possible that this would not be questioned were it not for the economy's current depressed state and the conditions under which private businesses are managing to cope with essential expenses, although with great effort. What is open to criticism is the fact that, regardless of that situation, a series of laws have been passed which will in no way alleviate the productive sector's urgent situation. Mention should also be made of other measures concerning other branches of public administration and which, more or less, are not helping to establish confidence and stability in the business sector.

Some of these legal measures are discussed below:

a) New ANDA [National Water and Sewer Administration] Rates

There is no doubt that sewerage and drinking water services are most essential to the community and it is desirable for them to be self-financed; the principle of a progressive increase within a rate structure is therefore not being criticized, as long as the increase is moderate and appropriate.

In brief, what is being questioned in regard to the new ANDA rates is their abrupt increase, which also makes sewerage service more expensive. But the most important thing is that the reforms have been introduced just when the economy is in a depressed phase, causing the reforms to be harmful in some cases.

b) Tax Rates for the Municipality of San Salvador

The advisability of changing the tax rates for the capital city has been studied on several occasions in the course of many years, because some reforms of the rates have been introduced while retaining its old structure, which was not suited to San Salvador's current development and to the needs of its citizenry. Therefore, in principle there is no objection to the adoption of the new rates; criticism is basically restricted to the amount of taxes for commercial, industrial, financial and service activities, etc., as a result of the extremely sudden change. Moreover, it must be borne in mind that these are taxes which are not based on a company's greater or lesser profitability but on the amount of its assets. Thus in some cases, it is ironic that assets may be larger when the company's operations are more depressed. In other words, there is the paradox that smaller income may correspond to larger assets, which means that the company has suffered a loss.

The most appropriate thing would have been to adopt the current rate structure, but applying the tax in stages so that companies would have absorbed the new taxes gradually and without causing them to suffer a loss.

c) Reform of Stamped Paper and Stamp Law

Even when the National Assembly issued its opinion on the reforms of this law, it considered it appropriate to reiterate that the nature of this tax is inflationary, that it will have a negative effect on the consumer's purchasing power and that, since it is a staggered tax, its true extent from an economic standpoint has not been established; apparently only the positive aspects of these reforms were viewed with regard to tax collection. Thus, for example, with some services such as insurance, there is the danger that with certain essential coverage such as life insurance, the amount of tax may be almost as much as the premium to be paid.

For the sake of brevity and only as further examples of the legislative fever, we might mention that the income tax law has been reformed and also violates basic principles such as confidentiality. There have also been reforms of the law on control of international transfers and the law on marketing and price regulation. Government participation has been increased in several autonomous agencies, the announced reforms of the Labor Law are pending, etc.

In short, there have been increases in economic expenses and an increase in annoying administrative procedures, which are showing up in various areas such as obtaining foreign currency, legalization of passports, etc.

5. Overall Effects of All These Measures

A country's economy cannot be divided into watertight compartments, since phenomena apparently affecting only one sector in practice have a multiplier effect that

is magnified as time goes by. Thus we cannot overlook the returns in the agrarian sector, because El Salvador is basically an agricultural country and we derive most of our foreign exchange from exporting our commodities. Thus when there is a downturn in prices and coffee production, the production of sugar or of beans growing cotton, etc., also declines. Not only does this affect the possibility that sources of agricultural jobs may be reduced, but at the same time the country's ability to import is also limited. Thus commerce, industry and other productive activities are already beginning to suffer the negative effects of these harmful measures.

Moreover, the legal precedents involving forced collectivization and loss of private ownership, with universal basis of nationalization, make us think, with apprehension, that similar measures could be adopted in some branches of commerce, some sectors of industrial production or in some kinds of services, etc.

The uncertainty concerning future legislation and the uncertainties regarding the application of such laws are creating a collective psychosis that is in no way helping to resolve current problems. However, the most disturbing thing is that besides the social factors adversely affecting private business, the current period is characterized by a drop in production and productivity; by a steady loss of products, a constant increase in prices, an increase in bureaucracy, unemployment, a shortage of foreign exchange, increasing administrative expenditures, etc. We want to stress that all of the foregoing, even though it has been described in brief, has at one time contributed to solving the problems facing us.

We hope that public officials will not consider this brief analysis to be an attack on or systematic negation of government operations. On the contrary, an effort should be made to see its constructive aspects. Nor should we be judged prejudicially in the sense that if we disagree with the government, then we are against the government.

We are sure that it is time for the implicit merits of any constructively critical position to be considered, since only in that way will it be possible to correct present mistakes in order to prevent future problems.

6. Urgent appeal to Members of El Salvador Chamber of Commerce and Industry

Today more than ever, we business leaders must come forward to defend our rights, since any right also entails an obligation; parallel to the benefits which we hope to derive from our productive activities, we are also obliged to provide as many social benefits as possible to everyone cooperating with us.

This is why we kindly urge all members to cooperate as much as possible through their efforts, ideas and suggestions so that the board of directors, which will be chosen today, can uphold the principles which our chamber has always supported.

11713
CSG 3010/1108

CENTRAL BANK PRESIDENT OUTLINES COUNTRY'S ECONOMIC SITUATION

Caracas BOHEMIA in Spanish 23 Feb-1 Mar 81 pp 40-41

[Report on interview with Alberto Benitez Bonilla, president of the Central Reserve Bank of El Salvador, by Luis Manuel Martinez; date and place not given]

[Text] San Salvador, February 1981--Alberto Benitez Bonilla, president of the Central Reserve Bank, is one of the bank's young officers. He evaluated the 1980-1981 harvest, comparing it with the previous year, and his frankness in revealing the true state of the Salvadoran economy impressed us deeply.

One by one Benitez Bonilla enumerated the categories.

Cotton

1979-1980--125,000 manzanas cultivated; 4.2 million quintals raw cotton.

1980-1981--30,000 fewer manzanas cultivated; 95,000 manzanas with an estimated 3.8 million quintals raw cotton. A better yield per manzana.

Coffee

1979-1980--3.4 million quintals golden.

1980-1981--3.1 million quintals golden. Yield varies with good or bad years.

The International Coffee Organization, headquartered in London, limited the export quota to 2.1 million sacks, or 3 million quintals.

"The drop in price and the rust disease also negatively affected our country's principal category of exports.

"One quintal of golden coffee was quoted at from \$130 to \$150.

"In May 1980, coffee was quoted at \$190 per quintal.

"The price drop surprised us with the 1979-1980 harvest already in the warehouses, and we are selling it at low prices."

Sugar

"Production dropped from 6 million tons to 4.5 million tons. The burning of sugar plantations and the takeover of some of the mills caused a drop in production."

Central American Common Market

"The fluctuation of the Costa Rican colon and the lack of foreign exchange in Nicaragua, a country to which we can only sell for cash--because of its financial situation, which is worse than ours--affects our loss in that area."

"Actually, from 1979 to 1980 more than \$1 billion left the country. Miami was the most attractive market for Salvadoran capital in flight."

"Not only big capital, but medium and small capital fled the country, in spite of exchange restrictions. We cannot exercise complete control of exports to Guatemala."

"Overvalued imports at inflated prices and undervalued Salvadoran exports, operations which lead to prices lower than the actual value of the merchandise, make it impossible to avoid the flight of capital."

Foreign Credit

"Practically closed. Commercial banks overseas do not grant credit to local banks. Nor do industrialists and producers find credit facilities overseas, and trade has found its credits with foreign providers closed off. To make the situation even worse, imports are made through confirmed letters of credit, which implies prior payment in dollars of the value of the imports."

Foreign Insolvency

"All this," Benitez Bonilla added, "has caused our country to be insolvent overseas. We do not have sufficient dollars to service the legitimate demands of the productive sectors, which has forced us to institute measures to regulate the use of foreign exchange and counter the flight of capital."

"This, and nothing else, is the picture of the Salvadoran economy. No doubt the foreign sector and international reserves are our most serious problem."

"All these factors have lowered production levels of the Salvadoran economy, which have been the most flourishing in Central America since 1978."

Most Dynamic Industrial Economy

Benitez maintains that "El Salvador had succeeded in developing the most dynamic industrial economy in the area."

"The drop in production has caused an increase in unemployment and underemployment, which must be over 40 percent."

"Foreign insolvency, the lack of exchange and the absence of private savings keep deposits in the banking system static, putting pressure on the demand for credits from the Central Bank."

Benitez lists in the order of their importance:

1) Unemployment; 2) the flight of capital; and 3) the closing off of foreign financing and credit.

"These are the elements which are making the economic situation critical at the present time."

Recruiting at Gunpoint

Like any clear-thinking and sincere man, Benitez does not hesitate to express his political ideas.

"The logistical support of Cuba and Nicaragua, the poor distribution of wealth, with income concentrated in a few hands in privileged groups, and recruitment at gunpoint, forcing the peasants to submit and sending them on ahead to face the armed forces, has prolonged this nightmare of blood and destabilization which is on the way to destroying the country."

Coffee Again

Subconsciously for Mr Benitez, coffee is an unforgettable constant, and he returns to the subject.

"The coffee-producing countries--the Ivory Coast, Kenya and Uganda, to cite only a few--have very cheap labor, and every year they produce a coffee surplus, which led to the drop in prices."

Supply Lines

The Salvadoran economist's opinion concerning the pacification effort (elections and general amnesty) presents a conditional factor in his appraisal. "If the United States does not control the weapons-supply lines and the financing the guerrillas are receiving from overseas, pacification will be slow and difficult."

Immediate Future

For this official, the premises which can immediately open a new horizon for El Salvador are as follows:

1. The return of the capital and the national talent which have fled. This would be a fairly positive beginning for total pacification.
2. The financial ability of the government to relocate the refugees who abandoned their work centers.

Better prices for coffee, or massive medium- and long-term financing from international organizations.

3. A program of reconstruction and development of the new economic plan based on:

Agrarian reform, nationalization of banking and of the chief categories of foreign trade, rent reduction, progressive salary increases, price-freezes on medicines, hospitals, food and schools.

"The slogan of the Salvadoran left has become a reality through the action of the Revolutionary Junta which assumed power on 15 October 1979. Now the guerrillas are fighting against a government which, in addition to establishing extensive reforms, is planning a political opening within the framework of pluralist participation.

"They want to replace this government with a Marxist tyranny."

Plans Being Considered

"We have a number of plans under study. We are working in the midst of a climate of violence superimposed on the reform by the extremists; we are confronting social problems arising from the return of thousands of peasants who took refuge in Costa Rica and Honduras and in the capital itself.

"We trust the Reagan administration. If El Salvador falls, Latin American geopolitics will come under the influence of the Soviet Union and Cuba. The war is not against El Salvador: it extends to Mexico through Guatemala and to Venezuela from Colombia."

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CSO: 3010/1014

PAST ACTIVITIES OF ANTHONY PASCAL, 'RADIO HAITI' REPORTED

Caracas EL NACIONAL in Spanish 15 Mar 81 p C-17

[Article by Argenis Martinez: "Philosophy Colleague Continues To Represent the Voice of Opposition in Haiti"]

[Text] Under this picturesque designation a young actor and newsmen, Anthony Pascal, barely 27 years old, was the protagonist of one of the most outstanding events in the world of radio in the Caribbean region: It was his voice which, using the popular idiom, resounded the acute problems experienced in that country, America's poorest, today.

A philosophy colleague? What is that? That name with special significance today in the orbit of the Caribbean sounds somewhat strange: It is the designation of Anthony Pascal, bearded and with a puckered frown on his face despite his age. But the fact is that he comes from the hell of Haiti.

With his modest presence, he brings with him one of the most interesting communications experiences in a dictatorship in recent times. Pascal's was the voice which on a daily basis, in a wave of acid but unquestionably popular humor rooted in the Creole dialect, proverbs, and the turns of phrase of street idiom, used to face official propaganda from a small broadcasting station which took advantage of an opportunity: Radio Haiti.

In Popular Key

His program was backed up by an absolutely youthful and daring team of journalists and professionals in various specialties made up of Lilianne Pierre-Paul, Vivianne Duroseau, Harold Isaac (broadcast editor), and Jackson Pierre-Paul among others. All of them were expelled following a long series of intimidations, harassments and attacks by the Tontons Macoute, a special, inhuman instrument of repression personally directed from the office of the Haitian president.

With their daily broadcasts, this team of young people led by the Philosophy Colleague synthesized in double talk in a popular vein most of the conflicts which, because of their impact on public opinion, were unreported by the majority of the mass media, closely controlled by censorship. Among these prohibited themes was trade union activity. Together with them, there arrived in Venezuela Ives Richard, trade union official of the Autonomous Federation of Haitian Workers. More than 148 workers belonging to that organization are in jail today.

Philosophical Odyssey

Anthony Pascal, 27 years old and in the tradition of oral literature better known as "Philosophy Colleague," was arrested on 28 November 1980 by the police. It was the third time that the forces of repression of Jean-Claude Duvalier had invaded his private life. On this occasion they did not go about their business with circumspection but rather they moved Pascal from jail to exile as if they were engaged in a military operation to eradicate the problem. This occurred on 25 December 1980 and, together with a large number of activists, Anthony Pascal reached Venezuela, one of the few countries which showed solidarity by accepting the expelled Haitians. But their problems seem to continue. They have difficulty in adjusting to a country with a different language and they have been given little help by the media in publicizing their vicissitudes.

However, this differs from what is happening in Haiti at present. The Philosophy Colleague's voice and declarations on tape are being sold--wonder of wonders--by his very persecutors: the Tontons Macoute. Beyond their strict repressive functions the policemen of Jean-Claude Duvalier have discovered a big market for their money hunger: The Haitian people accustomed to the incisive voice of Philosophy Colleague are buying his tapes at the price of gold and it is the policemen themselves who trade in this commodity. As someone said, this is an unprecedented phenomenon in Haiti. In the meantime the police continue to occupy the offices of Radio Haiti and thereby preclude its operations.

Haiti Segregated in the Caribbean

Haiti is a country with an illiteracy rate of 90 percent and its official language is French. Only 10 percent of Haiti's people read and write this language correctly while the rest of the population use Creole in their daily communications. On the basis of this official fiction, the dictatorial regime of Jean-Claude Duvalier is building its domination based on poverty, hunger, and malnutrition. Haiti is the poorest country of the continent with real per capita income that barely reached \$100 a year.

Radio Haiti had operated for 6 years in this setting catalyzed by historic frustrations, and it unleashed genuine commotion in the domain of the Duvaliers. "Papa Doc" had designated his son Jean-Claude as his successor after 14 years in power. Francois Duvalier died a year later and his son Jean-Claude, to restore the flow of international aid from the United States, Germany, and France, initiated a measure of liberalization through which he planned not only to improve his image but at the same time to relieve the strong tensions which, for years, had been concentrated in the working-class sectors. In this context, Radio Haiti decided to give a special distinctive feature to its broadcasts: It used Creole, the dialect understood by all Haitians, and its topics began to deal with popular problems in all their manifestations. This was the key to its success and popularity but it also proved to be the basic cause for its being closed down.

A Strange Personality

The focus of the broadcasts of Radio Haiti was a strange personality who, in the popular language, began to outline through his comments aspects of the international situation which could be related to the struggle of communities of other countries

for their freedom. In this manner, the Haitian people indirectly heard a solid political message that enabled them to perceive their real situation at this time and how they had to act.

On her part Lillianne Pierre-Paul, with her live reports about the country's most acute problems, provided information that could not be censored in advance because it originated from the mouths of the interested informants themselves who related their particular situations in detail. In the same way when it became known that an international organization was sending some economic aid to Haiti, the reporters of Radio Haiti made it their business to follow up on how these funds were used and ascertained whether the money was handled correctly as a function of the goal for which it had been allocated.

Similarly, in the context of this apparent liberalization, representatives from many of the political movements which were struggling to become organized, from the trade unions which strived for improvements in the situation of their members, and from all kinds of community organizations began to show up at the offices of Radio Haiti. But the government of Jean-Claude Duvalier could not view all this series of activities kindly. The authorities tried by every means to clear the radio station's property at Jean Dominique because its editorials were not viewed favorably in government circles but were followed eagerly by the rest of the people.

All Arrested

A series of provocations followed which included the arrests of the writers, of the station's owner, and of the "Philosophy Colleague"--an entire group of very young people and representatives of the new generation struggling for democracy in their country--and by way of response the authorities witnessed a popular demonstration which reached the doors of the broadcasting station and then proceeded to a collection among the people to guarantee the operation of Radio Haiti in this way.

However, on 28 November 1980, as mentioned earlier, the final assault against the broadcasting station was staged and all its workers were arrested, even visitors who had come to the offices to voice their complaints. One of the brothers of Lillianne Pierre-Paul is still in jail merely because of kinship whereas the others have had to go into exile.

The Duvaliers have not been very pleased, shall we say, with the newsmen. One of them, Gasner Raymond, was strangled with a wire for writing a report on the strike which occurred in 1978. He was murdered in jail. This event was picked up in the film by Arnold Antonin, "Can a Tonton Macoute Be a Poet?"

A long list of individuals arrested recently by Jean-Claude Duvalier has been released by Amnesty International to various mass media around the world, but efforts for their release have not been completely successful. It is for this reason that the exiled Haitians who have helped write this story today are asking for a gesture of solidarity so that with such support they may help achieve a democratic outcome to the existing Haitian situation.



Photo caption: Anthony Pascal, Philosophy Colleague



Photo caption: In the foreground, Philosophy Colleague and Henri Alphonse. Behind them is the rest of the Radio Haiti staff: Lilianne and Jackson Pierre-Paul, Vivianne Duroseau (a psychologist), Harold Isaac (broadcast editor), and Ives Richard (trade unionist).

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CSO: 3010/1000

GOVERNMENT EXPLAINS DRAFT ANTI-INFLATION PLAN

San Pedro Sula LA PRENSA in Spanish 30 Mar 8 p 51-53

[Text] In accordance with the diagnosis made of the economy of Honduras in the present economic situation, which is critical the immediate adoption of a complex of concrete and specific measures designed to alleviate the most acute problems is necessary.

The complex of measures constitutes a program for economic reactivation and alleviation of inflationary pressures. It is of basic importance to achieve the normalization of the rate of growth in economic activity, making it possible to meet the most pressing basic needs, to improve employment problems and living conditions for the population in general.

The complex of specific economic policy measures which has been approved seeks a substantial, viable and short-term reduction in the main imbalances plaguing the economy of Honduras. For this reason these imbalances or basic gaps have been identified, and specific measures promulgated as a function of them.

- a. Gap or disequilibrium in the balance of payments.
- b. Gap or disequilibrium in the fiscal sector.
- c. Financial gap or disequilibrium.
- d. Gap or disequilibrium in the productive structure.

As has already been set forth in connection with the analysis of the economic situation, the imbalance in the foreign sector is perhaps the most critical and vulnerable aspect. If indeed it is an imbalance of a structural nature, it is urgently necessary to find measures which will make it possible in the shortest possible time to alter the weak foreign payments position which endangers not only the maintenance of the level of economic activity, but what is more serious, domestic financial stability and the foreign position of the lempira. In view of the nature of the measures, no significant change in the income from exports category can be expected where price and volume are concerned. As a result, from the point of view of movement in the trade balance, the measures are necessarily designed to emphasize containment of the import level and are supplemented by strategic measures leading to increases in the shortest possible time in the capital and/or foreign financing obtained.

I. MEASURES TO PROTECT THE BALANCE OF PAYMENTS

1.1 Alteration of the Existing Tax Burden

Amendment of the existing import taxes such as to add to them a tax on the CIF value of all imported goods, whatever the country of origin, with the exception of medicines and medications, serums and vaccines, powdered milk and special milk for nursing infants and others.

No additional tax will be imposed on raw materials, semiprocessed products or containers physically included in final products destined for export. The secretariat of finance will regulate the application of the product provisions for the taxes on imports ports (drawback) or temporary imports with guarantee.

None of the customs amendments established will be applied to products which previously or on the date they become effective have been shipped or have left the country of origin, as well as those located in the customs and fiscal warehouses of the country.

1.2 Prohibition on Nonessential Imports

In view of the delicate balance of payments situation which characterizes the economy of Honduras, imports of products on a list to be drafted by the secretariats for finance and public credit and economy within a period of no more than 15 days will be limited for a period of 9 months.

The regulation and control of these mechanisms will be established by the Secretariat for Finance and Public Credit, jointly with the Secretariat for Economy 10 days after approval at the latest.

II. EXPORT POLICY

2.1 Promotion of production for export has a strengthening of lines of financing for exports based on obtaining foreign and domestic resources.

2.2 After adaptation of the institutional framework, full implementation of Decree Law No 146, which created the National Foreign Trade Commission, to coordinate the work of the promotion and advancement of exports.

2.3 Arrangement for the promulgation of an export development law with a view to promoting and diversifying the export of industrial, agricultural and craft products, with encouragement of market diversification at the same time.

2.4 The Secretariat for Economy will revise the mechanisms hindering administrative procedures for exports in order to make this process more flexible.

III. POLICY FOR OBTAINING FOREIGN RESOURCES

3.1 Renegotiation as soon as possible of the agreement signed with the IMF, taking this program as reference and seeking a statement by this body making it possible to establish confidence in the monetary and financial stability of the country.

3.2 While the current foreign exchange shortage is being overcome, the mechanisms approved by the board of the Central Bank with regard to the compulsory return of exchange resulting from export activities will be implemented.

3.3 The Secretariat for Finance and Public Credit and the executor units, on the basis of the provisions established by law, will make the negotiation, contracting, legalization and fulfillment of prior conditions more flexible in order to facilitate the use of the foreign credit designed for the financing of national production.

3.4 Steps will immediately be taken to review and facilitate the loans already approved, the use of which has been delayed for reasons of a bureaucratic nature.

3.5 The Secretariat for Finance and Public Credit will undertake to establish the desirability of renegotiation of the short-term foreign debts of autonomous and semi-autonomous state institutions and the central and local governments.

3.6 The Secretariat for Finance and Public Credit and the executor units will undertake the review and reorganization of the programs financed with the resources of international bodies and friendly governments with a view to reducing the connected counterpart funds.

II. Fiscal Policy Measures

1. Stronger specific measures will be implemented to improve tax collection as well as to control tax evasion and to reduce tax delays.

2. The Secretariat for Finance and Public Credit, the technical secretariat of the Higher Economic Planning Council and the executive bodies will review the functioning and implementation of the development programs and projects for which the budget of the republic and the budgets of the autonomous and semi-autonomous institutions provide, with a view to reducing or postponing expenditures where possible.

3. Within the fiscal policy, the overall public sector deficit must be maintained at the level consistent with economic and social development, under conditions of monetary stability.

III. Price and Marketing Measures

1. The list of products making up the basic consumer basket currently controlled by Decree Law No. 91, Dated 8 November 1974 and Resolution No. 297 Dated 9 September 1974 and its regulations will be maintained.

Also, and with a view to encouraging domestic production, the economic ministry orders the pertinent institutions to make immediate assessment of the application of said Decree Law No. 91, which should be completed within a period of no more than 6 months.

2. The prices to the final consumer of the basic consumer grains--corn, beans, rice and sugar--which are marketed through the BANASUPRO [National Basic Products Supplier] will be established in the future by taking as a reference the guaranteed support price for the products established by the administrative board of the Honduran Farm Marketing Institute (IHMA), plus a real and reasonable margin for marketing and profit. The administrative board of the IHMA will have 30 days from the approval of these measures to establish these marketing and profit margins.

Beginning now, the BANASUPRO should market basic grains at the prices to the final consumer established by the IHMA, and they will only be modified as a function of the variations which the board of the IHMA establishes for the support or guaranteed price to the producer. Within the same period, the Secretariat for Economy and the IHMA must propose the pertinent indirect mechanisms for supervision and control to insure faithful adherence to prices at the level of the final consumer.

In situations of national emergency, drastic shortage or as a result of natural phenomena affecting the normal functioning of this measure, the manager, authorized by the administrative board of the IHMA will request the Secretariat for Finance and Public Credit to allow the free import of the products indicated to deal with these situations.

The IHMA must take the necessary steps to guarantee the purchase of the crops of those producers who receive credit from the BANADESA (National Development Bank), as well as sufficient quantities of basic grains to maintain supply at an adequate price level.

3. The Secretariat for Finance and Public Credit, at the request of the Secretariat for Economy, will authorize the BANASUPRO to import whole powdered milk and special sterile milk needed for the diet of nursing infants and mothers free of duty, to be packaged and marketed in containers of lots of no more than five pounds, through its national marketing network. These imports must be made within a period of six months from the date of the approval of these measures.

The prices of the various types of milk to the final consumer will be established by the Secretariat for Economy, taking the CIF price on import as a base, plus the expenditure for the costs handling these products.

4. Donations of milk and butterfat in various forms made to the government of Honduras by friendly countries or international bodies will be marketed, if this is to be done, by the BANASUPRO as of the date these measures are approved. This does not apply to donations of other products apart from milk and butterfat or also those donations destined for special programs being implemented by such institutions as the National Social Welfare Board, the secretariats for natural resources, communication, public works and transport, and the Higher Economic Planning Council.

Having special provisions which the administrative board of the BANASUPRO will submit to the economic ministry through the CONCEPLANE, these donations may not be sold on the industrial level because they are destined for consumption by the people. The BANASUPRO must immediately take all the steps necessary for the proper handling and marketing of these products.

5. The BANASUPRO will within the shortest possible time establish a program for the distribution of products for popular consumption through the Mobile Marketing Units, with a view to serving the neglected urban areas and the rural zones of the national territory, where BANASUPRO wholesale shops or retail shops for the consumer are in operation. Special emphasis should be placed on serving the most depressed zones economically, in particular the regions on the boundaries with the republics of El Salvador and Nicaragua, the Island of Amapala and the Bahia Islands.

The mobile units of the BANASUPRO, in addition to marketing the products for popular consumption, will purchase basic grains from the small producers in the rural zones at the support prices established by the IHMA.

6. The BANASUPRO should gradually and slowly grant concessions on those marketing centers it sees fit to farm cooperatives and small businesses which have previously qualified, where this is justified by the needs of both the peasant settlements and those consumer centers where such a measure is necessary.

The BANASUPRO will establish the guarantee mechanisms needed for the concessions.

7. The INA [National Agrarian Institute], jointly with the BANASUPRO and the IHMA, will submit to the Farm Policy Commission within the next three months specific proposals for the development of integrated production-marketing circuits to develop agroindustrial complexes of a mixed sort, mainly with the groups in the reformed sector of the agrarian reform program.

8. The manufactured products for popular consumption which are on the list included in Appendix No 1 will be incorporated in the BANASUPRO basic basket.

9. With a view to achieving positive results in the timely regulation of prices and supplies of fruit and vegetable crops, as well as other farm products for popular consumption, the secretariats of state for economy and government and justice, collaborating with the secretariats of state for natural resources, tourism and culture, the INA and the IHMA, will organize product sales in the most heavily concentrated urban areas, which can be attended periodically on the basis of free competition and free of payments or rental fees, by small and average farm producers to market their products directly. The sites for the implementation of this measure will be selected with the cooperation of the pertinent authorities.

10. The BANASUPRO will publish the prices of products for popular consumption every two weeks, using such media as it deems best.

IV. Measures To Increase Supplies of Consumer Goods of Agricultural and Industrial Origin

1. Because of the national emergency in basic grain production, the government of the republic will guarantee the areas devoted to the cultivation of corn, beans, rice and sorghum. This measure will be in effect during the 1981 and 1982 harvests.

2. The technical secretariat of the CONSUPLANE and the Secretariat for Natural Resources, jointly with the IHMA, INA, BANTRAL and BANALTESA, will revise the following programs for production recovery within a maximum of 30 days:

2.1 Basic grains;

2.2 Milk;

2.3 Meat for domestic consumption (pork, poultry, fish).

3. The drafting, follow-up and assessment of these production recovery programs will be under the direct jurisdiction of the Farm Policy Commission, which will report on the existing states of progress on a monthly basis to the office of the presidency of the republic through the executive secretary of the CONSUPLANE.

4. Once these programs have been drafted, they will be submitted by the Farm Policy Commission to the board of directors of the Central Bank of Honduras so that, within the real financing potential of the national banking system, the required financing can be provided in whole or in part.

5. The Farm Policy Commission will develop a guarantee mechanism or fund to support the allocation of financing to small producers of basic grains through the public and private banking systems.

Parallel to the drafting of the food production recovery programs, the Secretariat for Finance and Public Credit and the technical secretariat of the Higher Economic Planning Council will launch active campaigns with international bodies and friendly countries in order to establish a guarantee fund for the financing of these programs.

This fund will be administered by the Central Bank of Honduras.

The Secretariat for Natural Resources and the INA will establish requirements for the status of small producers of basic grains, providing the pertinent certificates.

6. The INA will accept all donations of basic grains and wheat subject to marketing and given to the government of Honduras as of 1 March 1981. A percentage of the net resources resulting from the marketing of these donations will be channeled into the strengthening of the guarantee fund for the purpose of increasing the production of basic grains. The value of costs incurred for handling will be deducted.

7. The INA must immediately take the pertinent steps to correct the impasse in which the bidding on the rural rice program finds itself, informing the economic secretariat of its progress monthly.

8. In conjunction with the traditional fishing project, the Secretariat for Natural Resources will submit to the Farm Policy Commission within a maximum of 30 days an assessment of the situation and the specific measures designed to achieve the rapid implementation of this program.

9. The Secretariat for Finance and Public Credit, jointly with the CONSUPLANE, will within the shortest possible time establish a mechanism for the control and effectiveness of the implementation of the programs and projects for which the budget of the republic and the decentralized institutions provides, mainly where rural development projects are concerned, with the obligation of informing the president of the republic of these activities on a quarterly basis.

10. Basic secretariat of state and the decentralized public bodies implementing development programs must establish systems for monthly follow-up and evaluation, which must be perfected within a maximum period of four months.

11. Within the limits of the INA, the Industrial Development Center (CDI) will submit a program for the financing of the production of goods manufactured for popular consumption to the economic cabinet, through the Secretariat for Economy. The CDI and the Central Bank of Honduras will give priority, through the Industrial Development Fund (FONDI) to the activities of small and average industries related to this program.

V. Energy Conservation Measures

1. The measures necessary to speed up the commissioning of the 250 new buses which will replace those currently being used in Tegucigalpa will be promulgated.
2. The general transport office of the SECOPT and the National Traffic Office must regulate the mass transport stops within the 30 days following the effective date of these measures at the latest, with a view to preventing these facilities from hindering traffic and thus increasing fuel expenditures.

Also they will establish fixed stands for all of the taxis operating in the areas of greatest urban concentration.

Within 45 days, the SECOPT will submit a study proposing definitive measures in this connection.

3. During the 1981 and 1982 periods, the purchase of automotive vehicles of any size by any of the institutions, centralized or decentralized, in the public sector, except for those for which international loan agreements and donations provide, is prohibited.
4. Exemptions from consumer taxes, taxes on the import of oil byproducts granted to the agricultural, industrial, transportation and cooperative sectors, with the exception of the imports affected by the National Electric Power Enterprise (ENEE), the National Railroads and the Armed Forces.

Also, the exemptions and privileges granted the officials of international bodies in accordance with the agreements signed in this connection must be reviewed.

5. The ENEE must establish differential rates to encourage the use by production sectors of the labor shifts between midnight and 0600 hours.
6. Officials in charge of public offices will take decisive steps to insure the more rational use of electrical energy, mainly to prevent such offices from remaining lighted unnecessarily.
7. The contracts signed between the ENEE and industrial and agricultural enterprises granting preferential rates will be reviewed. Also, public service enterprises signing contracts with exclusion clauses for the modification of rates as a result of increases in their costs will be prohibited.
8. The necessary instructions will be promulgated so that the responsible institutions will undertake all the steps leading to the installation of fuel storage tanks within the short run, and the possibility of establishing a refinery for oil byproducts in the medium range will be studied.

VI. Measures To Combat Unemployment in the Construction Industry

A. Immediate

1. The government and autonomous bodies must facilitate all procedures (study, qualification, bidding, etc) to insure that all the budgeted projects and those with guaranteed financing will be launched within the next 45 calendar days.

2. The institutions in the public sector responsible for the implementation of frozen construction projects with bidding pending will use solely the traditional systems of construction in the course of the next two years, that is to say construction of [raled] brick, cement block, wood or any other material based on the concept of intermediate technology.
3. With a view to proceeding with a reorganization of the financing policy pursued by the FINAVI and the INVA, the resources available and obtained from various sources must be allocated for the construction of moderate-priced housing such as to favor the lower income sectors.
4. With a view to achieving the goal set forth in the preceding paragraph, the FINAVI will be the coordinating body, since this institution is responsible for the allocation and distribution of resources for the national savings and loan system and approved bodies, and can also incorporate other enterprises in the construction of low-cost housing (rural housing cooperatives).
5. Bearing in mind that one of the causes for a downward swing in the construction sector has been the effective increase in the project costs of materials, fuel and administration, those institutions directly involved in the construction and financing of housing or buildings will within a period of no more than 60 days undertake a study and a corresponding updating of the real costs having the greatest effect on this industry, in order to make available information so that decisions can be made more flexibly.
6. Foreign financing at suitable interest rates will be negotiated for the development of low-cost housing projects and urban development programs in neglected and rural development areas, with a view to meeting the immediate need for resources.
7. The housing institute will in the course of the next 60 days implement the turnkey system for housing projects, with a view to expanding the supply, since this mechanism will provide the private sector with the opportunity of offering large and small housing projects on the basis of technical guidelines and specifications defined in advance and to which suppliers should adhere.
8. The housing institute, through its savings and loan department, will relaunch the program of construction on privately owned lots, exclusively for housing the cost of which does not exceed 15,000 lempiras.
9. The enterprises participating in bidding in the public sector will report at the time of bidding on the number of projects executed, such as to make available information establishing their functional capacity. Also, contracting enterprises will not be allowed to allocate personnel and plant equipment for more than one project.
10. In order to maintain the current level of employment in the construction industry, efforts will be made with a view to raising the level of the execution index to 83 percent of the investment planned for this activity for 1981 or, failing that, negotiating financing as soon as possible for the development projects which will create jobs in the urban sector.

B. Short Term

1. No project will be included in the general budget for the republic the feasibility of which has not been verified by the technical secretariat of the Higher Economic Planning Council, or the final plans for which have not received the approval of the Secretariat for Finance and Public Credit.

2. The state must exercise greater control over the construction industry and related activities, in order to orient public and private investment consistent with the national development goals and policies.

VII. Monetary and Credit Policy

If possible, the monetary program and a credit policy should be approved within a month of the date of the approval of this resolution.

Pending approval of the monetary program for 1981, the following domestic credit totals are established:

a. A minimum increase of 35 million lempiras in the Central Bank of Honduras rediscount lines for the banking system.

b. Establishment of a minimum limit of 100 million lempiras for credit allocated to the central government.

Appendix 1

List of Domestically Produced Products to be Included in the Distribution of the Basic Basket of the BANASUPRO

Clothing

1. Sheets and blankets
2. Footwear in general

Articles for the Home

3. Metal Pots

Education and Labor Materials

4. Lead pencils
5. Notebooks
6. Machetes and files

Pharmaceutical Articles in Common Use

7. Analgesics
8. Antidiarrhetics
9. Other nonprescription pharmaceutical products in current use.

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SPAULDING SAYS CRIME RATE 'DAMAGES NATIONAL INTEREST'

FLO71816 Bridgetown CANA in English 1801 GMT 7 May 81

[text] Kingston, Jamaica, 7 May (CANA)--There's wanton criminal activity in Jamaica aimed at instilling fear in the country, thus destroying confidence and damaging national interest, National Security Minister Winston Spaulding has charged in a strong statement here. Mr Spaulding linked the high incidence of crime to the support received from "certain organizations and groups which advocate attacks on innocent people in retaliation for the legitimate work of the police in apprehending gunmen."

Mr Spaulding noted that police figures showed a decrease in violent crimes since November last year, but admitted that the figure was still high. The achievements have been made, he said, against the background of numerous difficulties affecting the security forces, inherited by the Jamaica Labor Party Government, which came to power last October. But said the minister: "A number of shootings and other criminal activities have taken place which undoubtedly have the intention of wantonly taking life and senselessly injuring, outraging or humiliating so as to instill fear and terror to destroy the confidence of the society and damage the national interest. "Certain organizations and groups advocate attacks on innocent people in retaliation for the legitimate work of the police in apprehending gunmen. Some advocate in print that communities must arm themselves to combat the security forces."

Only a "national condemnation and rejection" of such organizations, Mr Spaulding said, "will destroy the benefit which they hope to derive from murderous and destructive behaviour of this kind."

Mr Spaulding did not give any statistics on crime and neither were global figures immediately available from the police information center, but the GLEANER newspaper today published figures from its reports which showed that while the number of killings for the first four months of this year have declined compared with the last four months of last year, they are higher for the comparable period in 1980. According to the GLEANER figures, 106 people were killed between January and April this year as against 209 during the last four months of 1980.

Jamaica was wracked by political violence last year arising out of a bitter campaign for the October general elections, which left more than 700 people dead. However, the 106 murders for January to April this year, according to the GLEANER, compares with 61 for the same period in 1980. There was, though, a slight decline in the number of suspected criminals killed by the police, 92 in the first four months of this year against 102 in the same period last year.

NEW PARTIES REGISTRATION: PCM FAVORS, PPS OPPOSES

Mexico City EL DIA in Spanish 16 Apr 81 p 3

[Article by Juan Guzman]

[Text] Whereas the Mexican Communist Party (PCM) will "do its utmost" to back the registration of new political organizations, the Popular Socialist Party (PPS) will oppose such a move because "all ideological movements are currently represented in the seven recognized parties."

These differing views were expressed by Gilberto Rincon Gallardo and Ezequiel Rodriguez Arcos, a Communist deputy and the coordinator of the PPS delegation, respectively, in commenting on the quite likely registration of new political parties such as the Mexican Workers Party (PMT), the Revolutionary Party of the Workers (PRT) and the Marxist Workers League.

Rincon Gallardo, who is also a member of the Central Committee of the PCM, pointed out that not allowing other political parties to register "further hampers the unity of the left, because without such recognition the parties are forced to run in elections under different initials and drum up their own votes in order to be recognized.

"Once all parties are registered," he went on to say, "a formal coalition can be formed, thus opening up the chances for a more solid union. If the government thinks that by recognizing new organizations it is going to weaken the PCM, it is grossly mistaken."

Rincon Gallardo continued: "The registration of other parties will not work against the possibility of running a common candidate for president, inasmuch as the name of the same candidate will appear on each election ballot; in other words, if the PMT or the PRT reaches an agreement with us, the name of the person we put forward will be the same."

He commented in conclusion that if initially there are "say, 30 political parties, which there are not, the electorate will narrow this array with its votes."

For his part, Ezequiel Rodriguez Arcos reiterated that the seven registered parties encompass the entire ideological spectrum and hence "it is unnecessary to recognize new organizations."

Furthermore, if other parties are accepted, "the left would be hurt the most because almost all of the parties applying for recognition as legal political groups are Marxist-Leninist or pseudoleftist."

In conclusion, he said that the PPS would submit a no vote on the recognition of new political parties to the Federal Election Commission.

8743

CSO: 3010/1256

OLMEDO DISCUSSES FOREIGN DEBT SPIRAL

Mexico City EXCELSIOR in Spanish 21, 22 Apr 81

[Article by Raul Olmedo: "Our Spiraling Foreign Debt"]

[21 Apr 81 pp 4, 6 Section C&F]

[Text] Mexico's spiraling foreign debt, both public and private, runs parallel to a sharp increase in direct foreign investment, which in 1980 was four times greater than in any year prior to 1979.

Direct foreign investment totaled \$200 million in 1970, \$196 million in 1971, \$190 million in 1972, \$287 million in 1973, \$362 million in 1974, \$295 million in 1975, \$299 million in 1976, \$327 million in 1977, \$385 million in 1978, \$665 million in 1979, \$1.661 billion in 1980 and will reportedly hit some \$3 billion in 1981, 15 times what it was in 1970. Total investment by the end of 1981 will amount to some \$11.5 billion.

With regard to the aggregate foreign debt of the public sector, it totaled \$4.262 billion in 1970, \$4.546 billion in 1971, \$5.064 billion in 1972, \$7.070 billion in 1973, \$9.975 billion in 1974, \$14.266 billion in 1975, \$19.6 billion in 1976, \$22.912 billion in 1977, \$26.264 billion in 1978, \$29.599 billion in 1979 and \$34.1 billion in 1980, and estimates are that it will hit, if not exceed, \$40 billion by the end of 1981.

As far as the cumulative foreign debt of the private sector is concerned, it was put at some \$10 billion in 1979. The rapidity with which it has expanded over the past 2 years suggests, however, that it will total about \$20 billion by the close of 1981. The actual numbers are veiled in mystery, nevertheless.

Foreign loans are a type of investment that yields benefits in the form of credits, in contrast to direct foreign investment, which generates benefits in the form of industrial (including commercial) profits.

Adding up aggregate direct foreign investment, the cumulative foreign debt of the public sector and the cumulative foreign debt of the private sector, we get an approximate total figure of \$71.5 billion by the end of this year.

This is equivalent in domestic currency to 1.7 trillion pesos, which is about the size of the Mexican federal budget in 1980. This comparison gives us an idea of the extent of foreign investment in Mexico today, both indirect investment (in the form of loans) and direct investment (money placed in companies).

[22 Apr 81 p 4 Section C&F]

[Text] "Foreign banks have now grabbed about 40 percent of the Mexican credit market, compared to just 25 percent 5 years ago...Mexico's commercial banks have gathered up about \$5 billion in overseas capital markets...and will over the next 3 years double the amount of capital they take in from abroad, while others expect that they will quadruple the amount."

Along with the impressive inflow of petrodollars, dollars are entering Mexico in the form of loans that private individuals take out from foreign banks to compensate for the shortfall of financing from domestic banks, reports the Dow Jones news agency in a revealing article by G. Getschow published in the financial section the day before yesterday.

The former president of the Association of Mexican Bankers and the current president of the Banco del Atlantico, Carlos Abedrop, had already said in early March that the insufficient credit from domestic banks has made possible further penetration by foreign banks, which currently have \$10 billion in outstanding loans to private companies in Mexico; this represents almost half the financing granted by private and joint domestic banks.

Even though Getschow's and Abedrop's estimates differ, the important thing is the idea that the shortfall in domestic credit is forcing private individuals to borrow significant amounts of money overseas. In other words, Mexico has begun a dangerous spiral of foreign indebtedness. If we estimate that the cumulative foreign public debt will hit some \$40 billion this year and if we add in the \$10 billion in private foreign debts that Abedrop talks about, the country's total foreign indebtedness will reach the enormous amount of \$50 billion by the end of the year.

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PUBLIC SECTOR DEFICIT HITS 28 BILLION PESOS

Mexico City EXCELSIOR in Spanish 13 Apr 81 pp 5-A, 8-A

[Article by J. Jesus Rangel M.]

[Text] The public sector deficit over the first 2 months of the year totaled 28 billion pesos, as expenditures hit 137 billion and revenue amounted to 109 billion pesos.

This was reported by the League of Revolutionary Economists (LER), which is headed up by Deputy Angel Aceves, after noting that despite rescinding the value added tax (VAT) on foodstuffs, some basic food items continued to show a trend towards rising prices.

Analyzing the status of government finances over the first 2 months of the year, the league noted that the new public spending timetable followed by the Secretariat of Programming and Budget makes possible a steadier pace of expenditures throughout the year.

This, it added, forestalls the unfavorable impact on the economy of having expenditures concentrated at the close of the year.

The LER underscored the joint responsibility that the various agencies of government will have in administering the budget, because while facilitating broader control, it also allows for greater flexibility in the authorization and implementation of public spending and for prompter, more timely payments.

It reported that according to available preliminary information, the Federal Government spent 137 billion pesos as of February, mainly to pay off government debts from previous fiscal years, interest on indebtedness and revenue-sharing with states and municipalities.

Thirty-Eight Percent Rise

The league said that revenue totaled 109 billion pesos over the first 2 months of the year, a 38 percent increase over the previous year, compared to a 72 percent rise from 1979 to 1980 during the same period.

It stated, furthermore, that the consumer price index rose 2.5 and 3.2 percent in January and February respectively, "which means that inflation might be lower this year than in 1980."

It explained that as in January, the main price movements in February were in the categories of transportation, medical care, and furniture and household items.

It stressed that the index of foodstuffs, beverages and tobacco rose less than the overall inflation indicator, adding, however, that the prices of some basic foodstuffs rose more sharply in spite of being exempted from the VAT.

It noted, in conclusion, that the wholesale price index in Mexico City rose by just 1 percent in February, compared to the previous month when it climbed 3.7 percent.

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CSO: 3010/1256

EXPORTS TO EUROPEAN COUNTRY UP SHARPLY

Mexico City EL SOL DE MEXICO in Spanish 15 Apr 81 pp 1-3, 4-5

[Text] Mexico's exports to the countries of the European Economic Community (EEC) totaled \$1,0035 billion (23.4819 billion pesos) in 1980, a 96.3 percent increase over 1979 sales, which amounted to just \$511.5 billion (11.7645 billion pesos);

This information is contained in the latest economic data bulletin from the National Services of Statistics, Geography and Information Science (SENECI), which is part of the Secretariat of Programming and Budget.

The bulletin notes that France has become Mexico's main client, absorbing 27.1 percent of our overall sales to the region. It is followed by the FRG with 25.5 percent and Italy with 21 percent. The Netherlands accounted for 10 percent; Belgium and Luxembourg, 8.7 percent, and Great Britain, 7.2 percent. Denmark with 0.3 percent and Ireland with 0.2 percent accounted for much smaller shares.

France's imports of Mexican goods increased from \$71.6 million in 1979 to \$271.8 million in 1980, a rise of more than 278 percent. Italy's purchases climbed from \$56.4 million in 1979 to \$210.4 million in 1980, an increase of 273 percent.

Mexican exports to the Netherlands expanded by 119 percent, from \$46.2 million to \$101.1 million, while sales to Great Britain jumped from \$45.1 to \$72.3 million from one year to the next, a rise of 60.4 percent.

Mexico's exports to the FRG rose from \$213.1 million to \$255.9 million, and sales to Belgium-Luxembourg increased from \$69.5 to \$87.8 million.

SHIPBUILDING ENTERPRISE TO BUILD LARGE TANKERS

Mexico City EL SOL DE MEXICO in Spanish 23 Apr 81 pp 1-B, 4-B

[Text] The Secretariat of Patrimony and Industrial Development (SEPAFIN) has reported that the government-run Astilleros de Veracruz (Veracruz Shipyards) posted profits of 44.5 million pesos, which confirms that it is an income-producing enterprise.

SEPAFIN spokesmen said that this bottom line contrasts starkly with those of the now liquidated enterprise that preceded it, which did not show a single profitable year in the 17 that it was in existence.

It also reported that heavy shipbuilding will begin in the country in 12 months, as the aforementioned company will bring the plant in question on line after major construction work is completed and the machinery bought for 2 billion pesos is delivered.

The enterprise will then be able to build 80,000-ton "Panamax" vessels, which are the largest that can use the Panama Canal.

The heavy machinery is under construction in Finland, the FRG, England and Spain, and installation at the shipyard will commence during the second half of this year.

The SEPAFIN program to develop the shipbuilding industry includes various integrated projects: a construction and major overhaul shipyard at Lazaro Cardenas, Michoacan for vessels of up to 80,000 tons during the first stage and up to 120,000 tons afterwards; the establishment of Astilleros Unidos de Mazatlan, which is well under way and which will be able to build six tuna boats a year as of 198 [last digit omitted]; the human resources development program, which is designed to train new technicians; and the shipbuilding industry (terminal and auxiliary) development program, which will offer a series of basic incentives for the industry, such as Ceprofia.

POLITICAL PARTIES HOLD ROUNDTABLE ON ATLANTIC COAST ISSUES

Managua LA PRENSA in Spanish 7, 8 Apr 81

[Article by Adriana Guillen]

[7 Apr 81 p 16]

[Text] The subject of the Atlantic Coast cannot be exhausted in one roundtable. Its situation is more extensive than words alone; its reality cannot be summarized in a slogan.

LA PRENSA is giving its readers a summary of the roundtable held on the Atlantic Coast. This revealed the nationalistic sensitivity existing in Nicaragua which animates the political groups, and the interest there is in helping to solve the serious problems of our brothers and sisters of the Atlantic Coast.

During the roundtable held at LA PRENSA each political party gave its historic analysis and made its suggestions for a possible Atlantic Coast policy.

In earlier issues we published the reports of the MISURASATA and of the FSLN (Sandinist National Liberation Front) along with a summary of their historic analyses. In order that the dialogue held at LA PRENSA will not be lost, we are now publishing, as a two-part series, this historic document containing suggestions of the other parties on Atlantic Coast policy.

Communist Party

The Communist Party pointed out that the problem is a national problem, and it is serious because until the demands of the people are settled by giving priority attention to the native and peasant rural sectors, the problem cannot be solved. The rural sectors, according to the PC spokesman, are ignored.

The PC believes that the FSLN has not accused the MISURASATA of separatism. It does support the legitimate claims of that organization. It has warned about the dangers of separatism, terming it the mask of imperialism.

For this party, regionalization is a dangerous term, but it does agree that the Coast needs priority attention.

The PC spokesman said that the Atlantic Coast people do not reject Marxism-Leninism, a doctrine which he said would solve the problems of the Nicaraguan people.

He called for support for the Sandinist Front, by backing the solutions it selects and offering it solutions when it lacks them. He pointed out the dangers that may arise from leaving a problem unsolved. He concluded his remarks by appealing to our national political forces to unite in supporting the advance of the revolution.

Social Democratic Party

The PSD (Social Democratic Party) said that in order to begin to deal with the problems of the Coast, one essential condition was required: a halt to the persecution of the leaders and the release of the prisoners.

The other points suggested for a possible policy were:

1. The movements supporting the economic and social demands of the coastal people should not be charged with separatism.
2. The written and broadcast media should maintain objectivity in their reporting on the area.
3. Negotiations should be conducted with MISURASATA in order to implement:
 - a. Municipal autonomy, with the election of officials for MISURASATA;
 - b. Agrarian reform reflecting the traditional community concept of the region;
 - c. Evaluation of the Atlantic Coast's own resources and planning for increased investment in the area;
 - d. Intense development of an economic plan which will meet the needs of the coastal people.

The mistakes made, says the PSD, arise from ignorance of the area. This ignorance is cultural and includes ignorance of the language and vocabulary of the area, as well as social and economic. Because of this, situations such as the Bluefields demonstration are responded to in ways which do not go to the heart of the problem.

The PSD said that during the civic demonstration in Bluefields in November 1980, the FSLN response left the coastal people with a bitter experience because of the military repression against them. And on that occasion, the movement was accused of being separatist without going into the real problems of unemployment, poverty, and social disruption caused by the presence of internationalists in the area.

"We have to learn how to listen to the Atlantic Coast and obtain advice from people who know the Coast," said the PSD.

Because of their religious tradition, the coastal people reject Marxism-Leninism, continued the PSD. And care must be taken so that the internationalists will not become embroiled in ideological and cultural disputes with them, since that has been a cause of unrest in the area.

Social Christian Party

This party emphasized that the Atlantic Coast problem has been viewed in a very peculiar way by the FSLN. To illustrate its claim about the style of the FSLN, it mentioned other confrontations of the FSLN with political or social organizations, in which the FSLN accused the leaders of those movements without analyzing the true problem.

To this argument the FSLN, represented by Commander Humberto Campbell, answered that the PSC's [Social Christian Party] charge was incorrect.

The PSC continued its argument, however, and proposed the following points for a coastal policy.

- a. The community organization of production and distribution, practiced for so long by the coastal people, should be respected.
- b. The coastal people should be allowed to participate in their regional and central administration.
- c. The term of "separatist" applied to the Coast should be eliminated, as it only tends to worsen the problem.

- d. Greater participation in the profits from regional resources should be allowed, because when they are released with nationalization, greater participation should be given, both in the handling of these resources and in the profits from them to the coastal people. The PSC bases its support for this point on Nicaraguan laws which provide administrative regionalization.
- e. Cultural values should be understood, and new systems should not be imposed.
- f. A dialogue should be maintained between the government and MISURASATA.

Nicaraguan Socialist Party

The FSN [Nicaraguan Socialist Party] called what is happening in the Atlantic Coast natural problems of the process. After a revolution it is natural for expectations to be created and for the people to feel entitled to protest.

The FSN supports the government and the Sandinist Front in the steps it has taken and in future steps it may apply to the Coast. It said that problems must be resolved and "band-aid" solutions are inappropriate. Also, attempts to create disunity must be rejected.

At that point, Pablo Antonio Cuadra, the director of LA PRENSA, asked the participants to think about a central issue: the meaning of regional autonomy. He asked them to consider whether the attitude of the Coast is a simple demand for autonomy, a perfectly legitimate demand "because," said Pablo Antonio, "it would be unfortunate to confuse this with a separatist attitude which perhaps has never existed."

[8 Apr 81 pp 11, 13]

[Text] "Problems aren't solved by putting band-aids on," said Luis Sanchez Sancho. "People must listen to the Atlantic Coast," commented Jose Davila and Edgard Macias.

LA PRENSA recognizes that the obvious situation of the Atlantic Coast calls for thoughtful analysis. And it repeats its interest in remaining on the Standing Commission on the Atlantic Coast, and helping to create a rapprochement between the Atlantic with the Pacific Coast, a rapprochement brought about by knowledge.

Nicaraguan Democratic Movement

In its concise remarks, the MDN [Nicaraguan Democratic Movement] said that the imposition of the FSLN as an organization had had a negative impact on the Atlantic Coast, and that elements within the MISURASATA had wanted to maintain unity around the FSLN, which did not allow any true unity.

While the natural resources of the region had been nationalized, the coastal inhabitants were not getting the benefits. According to the MDN spokesman, when problems arise on the Coast, they should be dealt with, and various people should not be blamed, because that is not dealing with the real problem.

The spokesman also pointed out the mistake made by the internationalists who do not respect the special features of the coastal people, and he questioned the methods employed by the FSLN in the area, criticizing the attitude of the Sandinist Front, which believes it alone possesses the truth.

The charge of separatism leveled against the Atlantic Coast is a result of the frustration felt by some sectors when they realize that not all the people agree with their plans, said the MDN spokesman. For a possible Atlantic Coast policy, he proposed the following four points:

- a. Economic development based on the community structure of the region;
- b. Joint participation in its regional government and in the central government;
- c. A return of most of the profits produced from its natural resources, after planning.
- d. Respect for the coastal people, because in conflicts such as the present one, they can be conquered, but not convinced.

Democratic Conservative Party

After mentioning the participation of coastal soldiers in Nicaragua's revolutions, the PCD [Democratic Conservative Party] gave its proposals for a regional policy:

- a. The social problems in the area should be corrected, because despite the nationalization of regional resources, the coastal worker has had no improvement in his standard of living.
- b. The religious beliefs of the coastal people should be respected; these beliefs have been insulted by the internationalists who have gone to the Atlantic Coast area.

- c. There should be an effort made toward national unity in order to avoid regional disunity.
- d. The earnings from regional resources should be reinvested in the Atlantic area, based on a study.
- e. A solution should be sought from all national sectors, not just from one political party.

Social Christian Popular Party

In its brief comments, this party proposed a possible Atlantic Coast policy:

- a. The community sector already existing in the region should be studied. Then, based on this study, more effective labor plans for the population could be developed.
- b. The position of leadership held by the churches in the Coast should be recognized.
- c. The vanguard role held by community leaders in their areas should be recognized; based on this, plans should be drawn up to combat the exploitation which this area has suffered.
- d. People must learn how to listen to the Coast, by analyzing its problems which are serious, by studying their causes, without applying pressure for the Coast to accept measures which do not respond to the problem. People must not remain on the surface in considering these problems.
- e. The term of "separatism" should not be tossed around, but on the contrary, a respectful attitude should be maintained when these problems are being considered. The PPSC [Social Christian Popular Party] has already said that claiming that the Moravian bishops were CIA agents was a mistake because it wounded the sensitivities of the coastal people.
- f. Situations arising should be viewed in depth and not given only a superficial, intellectual analysis.
- g. People who know the area should be asked to serve as advisers for it.
- h. A possible policy based on a participatory consensus should be developed, which could then be used to develop labor plans.

Conclusions

All the organizations participating in the roundtable agreed that during these 18 months of the revolutionary process, achievements have been made in communications, both social communications, and in transport. The advantages of nationalizing natural resources were recognized, along with the efforts that are still going on to do so.

The MDN pointed out that these achievements belong to the Nicaraguan people, and to the Atlantic Coast people in particular, and were not in any sense a favor granted by the FSLN. The PSC contradicted the PSN, arguing that there was no question of simply seeing what was not done in the days of Somozism and what was being done now, but rather a question of seeing what had to be done.

There was general agreement on national unity concerning coastal culture, on the agrarian reform, and on economic plans for the area. There was also agreement on the need for giving priority to the area, and for recognizing its right to communal lands and to administrative regional autonomy.

The deep interest in the coastal problem was shown by the fact that all the organizations invited attended the roundtable, with the exception of the PLI [Independent Liberal Party], and expressed their intention to continue on a national commission to study and develop a consensus-based policy for the Atlantic Coast.

The participants expressed their appreciation to LA PRENSA for organizing this roundtable, and Pablo Antonio Cuadro also expressed his appreciation for the patriotic interest and desire for national unity which animate the various sectors of Nicaragua.

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